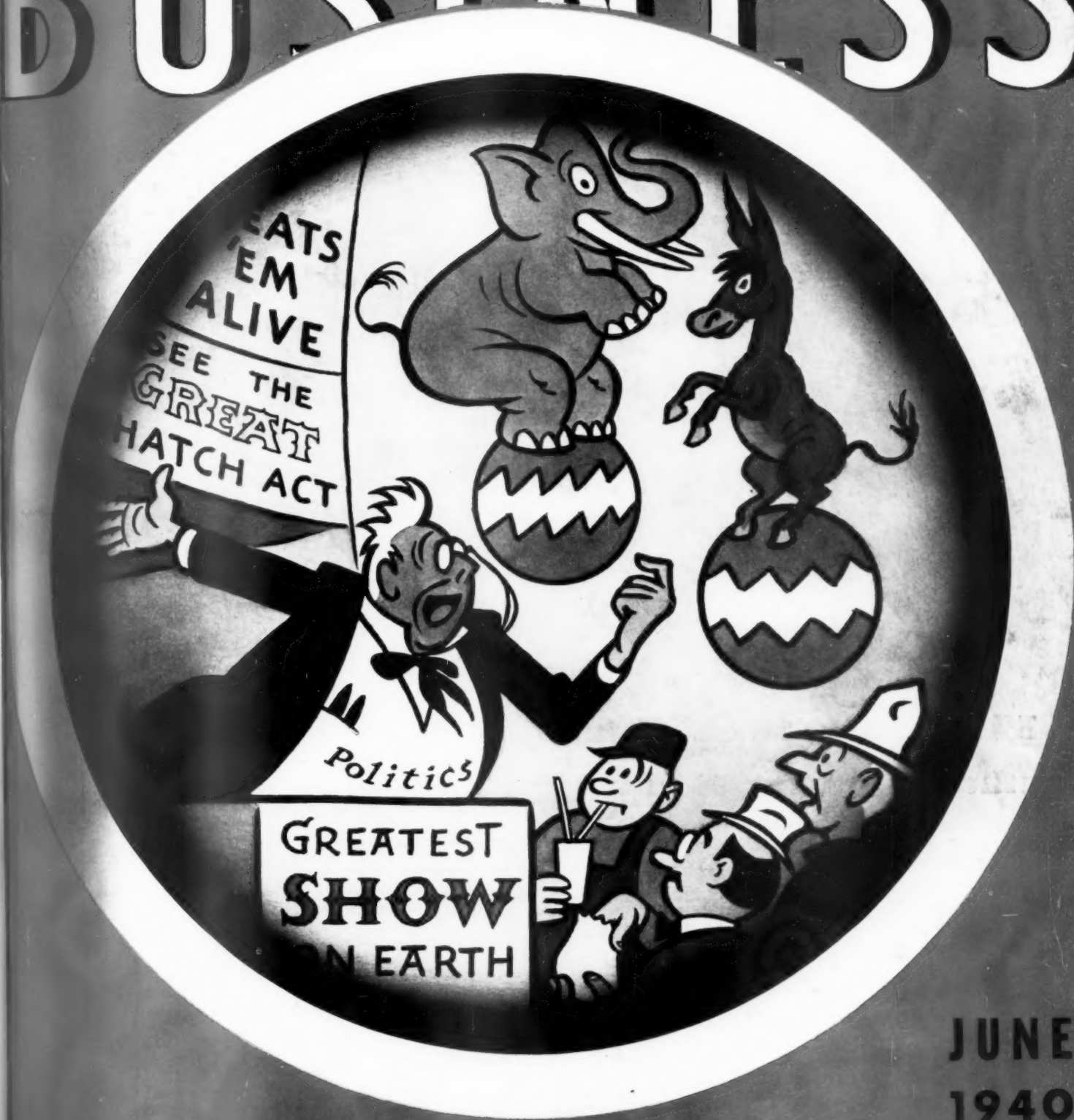


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NATION'S

MAY 27 1940

BUSINESS



JUNE
1940

A Straight Lane to Socialism • Statistical Hocus-pocus and the National Income • Capital Can't Pull Unless It's Free • Build America!



Effective May 1st on all transcontinental calls and most other calls over 420 miles

LONG DISTANCE rate reductions, effective May 1st, apply to all transcontinental calls and to most other calls of more than 420 airline miles.

For example, a 3-minute, station-to-station, daytime call between San Francisco and New York formerly cost \$6.50. It now costs \$4, and after 7 P. M., and all day Sunday, only \$3.

The same kind of call between Minneapolis and New Orleans has been reduced from \$3 to \$2.50.

The new low rates bring distant friends or customers much nearer by telephone.



Just glance over the rate table at the right. Your Long Distance operator will be glad to give you the *new* rates to other far-away points.

FROM	TO	3 MINUTES, DAY-TIME, STATION-TO-STATION★		3 MINUTES, DAY-TIME, PERSON-TO-PERSON★	
		OLD RATE	NEW RATE	OLD RATE	NEW RATE
San Francisco	New York	\$6.50	\$4.00	\$8.75	\$5.00
Philadelphia	Seattle	6.25	4.00	8.50	5.00
Salt Lake City	Washington, D. C.	5.00	3.50	6.75	4.50
Chicago	Los Angeles	4.75	3.50	6.25	4.50
Portland, Me.	Memphis	3.50	2.70	4.50	3.60
Miami	New York	3.25	2.50	4.25	3.35
Minneapolis	New Orleans	3.00	2.50	4.00	3.35
Dallas	St. Louis	1.70	1.55	2.25	2.05
Cleveland	Atlanta	1.65	1.55	2.20	2.05
New York	Detroit	1.55	1.50	2.05	2.00

★Rates are lower still after 7 P. M. and all day Sunday.

The Bell System Cordially Invites You to Visit Its Exhibits at the New York World's Fair and the Golden Gate International Exposition, San Francisco

Shake Hands with Our Contributors

PROBABLY only a handful of business men are familiar with the Jones-Wheeler Farm Credit bill. Well-informed critics say it is the most dangerously radical measure ever to be given serious consideration by Congress. They say it will destroy the sound policy on which the Farm Land Banks have operated for years; is a straight road toward socialism; will make the Government sole banker for farmers and end their independence.

Herbert Corey, contributor of the monthly feature "Washington and Your Business," was asked to look into the bill and report back on the opinions of both proponents and opponents for the information of NATION'S BUSINESS readers.

Samuel Crowther has won national distinction as a writer on foreign affairs and domestic economics as well as biographical works on Henry Ford, Harvey Firestone, Thomas Edison and John H. Patterson. He is a member of the American Academy of Political and Social Science. Among his many books are: "Common Sense and Labor;" "The First Million the Hardest;" "Money;" "Your Money;" "A Basis for Stability."

Shirley Ware is a Chicago free lance writer who worked closely with Graham Aldis, chairman of the taxation committee of the National Association of Building Owners and Managers, when gathering material for her contribution on modernization of old office buildings.

Webb Waldron, a native of Michigan, author of many books, contributor to leading magazines, advertising writer and former editor of *Collier's*, was asked to tell NATION'S BUSINESS readers of the accomplishments of the American Arbitration Association in settling industrial disputes.

Alfred M. Cooper for many years directed employee training and public relations for several nationally known corporations. He has also taught in the public schools in Kansas City, was on the faculty of the School of Government at the University of Southern California.

Tom Murray of Ft. Worth, Texas, was fascinated by the sudden spread of coin-operated phonographs to every nook and corner of the nation. He investigated and found among other things that there are 12,000 operators, five major manufacturers and 100,000 employees in the industry.

Emmett F. Connelly is president of the Investment Bankers Association of America and of the First of Michigan Corporation, Detroit.

William Feather who contributes "Build America!" is a business man in Cleveland, Ohio. Further details concerning him are found on page 11.

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE U. S.

VOLUME 28

Merle Thorpe, Editor & Publisher

NUMBER 6

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Industrial-relation and safety problems often have common causes...and labor problems—like accidents—have been cured or prevented by American Mutual workmen's compensation insurance.

In a plant where, in 1936, a neutral observer said, "It will be years before bad feeling dies down" ... where official compromisers gave up ... and the gathering storm of ill will threatened complete destruction of profitable operations — American Mutual safety consultants provided a means of restoring calm through safety.

Leading the way to joint determination between management and men to work shoulder-to-shoulder on a constructive

safety program ... benefiting one group through lower insurance costs and more efficient production, the other group through better working conditions and freedom from accidents ... allowed them for the first time to share a common interest, to be more tolerant of each other's motives.

Since the safety program was fully instituted, with the help of American Mutual's practical safety consultants, accidents have been rare and labor troubles non-existent. For one period of 238 days, not even one minor accident occurred. Morale has been ideal. And the plant has operated at capacity.*

But profit from accident-prevention

help is only one of three profits which thousands of firms have received from American Mutual. Second is restoration of injured men's valued services through medical rehabilitation by industrially-trained specialists. And third is the opportunity to save one-fifth or more on insurance costs, through cash dividends of 20% or more, paid regularly on practically all lines of insurance except life, by American Mutual and its affiliate.

*Details of this case in which safety provided the meeting ground for labor and management will gladly be provided to those interested. Write for the story "Strike!", addressing Dept. I-3, 142 Berkeley St., Boston, Mass.

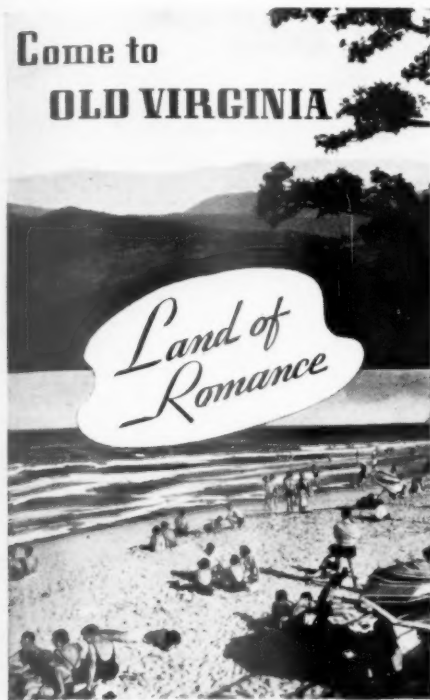


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If you want an enjoyable vacation that is delightfully different . . . come to Virginia . . . the Land of Romance . . . the birthplace of the American nation . . . where recreation, excitement and play are delightfully blended with the inspiring atmosphere of hallowed historic shrines. Come to Virginia for fun or relaxation . . . come to Virginia and enjoy her majestic mountain vistas, natural wonders, and glistening seashore . . . sightseeing, fishing, golf, horseback riding and boating. Or come to Virginia and rest at her quiet mountain retreats. You will enjoy your vacation more if you come by train . . . in the air-conditioned luxury of modern Norfolk and Western passenger trains, operating between the Midwest and the Virginia Seashore, and between the North and the South. The fares are low, the schedules convenient. It is vacation time in Virginia . . . the latch string is out . . . your train is ready to leave! "Get aboard!"



NORFOLK
AND
WESTERN
RAILWAY

Through the

EDITOR'S SPECS

Regulating the regulators

VOLUME SEVEN, 1,200 pages, of the Code of Federal Regulations has recently been published by the Government Printing Office. It brings down to and including "Indians" in the alphabetical titles all regulations (laws) promulgated by federal boards and commissions up to June 1, 1938. When the compilation is completed, some time this year or in 1941, the National Archives will start codifying the regulations issued since the job was begun last year. When completed, the work will have amassed 17 regular volumes and six supplementary volumes, or some 27,000 pages—considerably larger than the Encyclopaedia Britannica.

With this work at his disposal the task of a lawyer trying to ascertain what his business client can and can not do within the law will be greatly simplified. Then he will consult first the proper title in the 17 volumes. Failing to find any prohibition there he will proceed to do the same with the six supplements. If the search yields nothing he would next have to consult the Federal Register, and finally run through the current mimeographed orders of the agency involved. At last he would be ready to advise his client.

At present nobody knows except by experience, trial and error just when he becomes a law breaker against the peace and dignity of Uncle Sam.

EVERY ONE of the thousands of regulations has the force of law and carries a penalty for its infringement. And every one was promulgated by officials not elected by the people or responsible directly to the people. One federal agency alone makes more quasi-judicial decisions in a year than all the federal courts combined, even including bankruptcy orders. So says Col. O. R. McGuire of the American Bar Association.

The quasi-legislative-judicial usurpers in the federal agencies are badly scared by the Logan-Walter bill aimed at governing the governors and regulating the regulators. They are

afraid that the requirement of holding a hearing before a new rule is adopted and then publishing the rule in advance would be a paralyzing restraint on their power. Above all they fear the proposal to give the victims of administrative law the right to appeal to the courts and have the facts reviewed as well as the interpretation of law.

Lee Pressman, C.I.O. legislative Counsel, objects that the Logan-Walter bill would "double the load of people seeking justice from government bureaus." That is saying that it is bad to provide a remedy for an abuse because so many people would use it.

THE FEDERAL AGENCIES conduct their judicial activities under various sets of rules. Opponents of the Logan-Walter bill contend that this lack of uniformity is essential, because the boards and commissions deal with different people and under different conditions.

Stripped of verbiage, this is nothing more than an assertion that there is justice in having one set of laws and procedure for farmers, another for labor unions and another for business.

The act creating the Food and Drug Administration provided much the same procedure as that now proposed in the Logan-Walter bill for most of the other agencies. F.D.A. must hold hearings and publish its regulations and amendments before they become effective. And the courts are empowered, in case of appeals, to pass on the facts in a particular case and to negative any rules that are found to be in conflict with the statute or with the constitutional rights of citizens.

Result: No appeals against F.D.A. decisions have been taken to the courts. Because its powers are clearly circumscribed, F.D.A. has not gone to oppressive lengths like N.L.R.B. and S.E.C. that were not so limited by statute.

The Logan-Walter bill is not a complete remedy for the administrative law evil. It would be better if a number of these revolutionary tribunals were abolished entirely and their

-our town knows that cast iron pipe saves taxes



THE mayor said, in addressing the town meeting: "Our guest from a neighboring town has just told us that their water mains which are less than 20 years old are worn out and leaky and will have to be replaced. To do this they have to issue bonds and raise the tax rate. In our town we installed cast iron mains 60 years ago. These mains are still in service and give us no trouble. Why experiment with other pipe for this costly new extension? Our town *knows* that cast iron pipe saves taxes." (Based on an actual incident.)



← This cast iron water main in Lynchburg, Virginia, is 111 years old. Cast iron pipe has a *proved* useful life at least double the *estimated* life of other pipe used for water mains. It is the only ferrous metal pipe, practicable for water, gas and sewer mains, that rust does not destroy. Made in sizes from 1¼ to 84 inches.

**PUBLIC TAX SAVER
NUMBER ONE**

CAST IRON PIPE

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

powers returned to Congress, the courts, the states and localities. But this bill would go far to return the country to a government of law. The virulence of its opposition by all the most ambitious of the commissars is powerful evidence in its favor.

Come and get it

PROF. Donald H. Davenport of Harvard University told the Temporary National Economic Committee that the cash savings of individual citizens of the United States (life insurance, building and loan, savings accounts, etc.) amounts to \$69,000,000,000. A tidy amount. If it "were evenly divided every man, woman and child in our population would receive \$530."

The professor might have added that, if the division isn't made, it won't be the fault of Jerome Frank, Leon Henderson and the other S.E.C. levellers. Now, some social healer should start a drive for larger families among the underprivileged. More children, more relief, already is working to that end. But \$5,300 of spoils for a family of ten would be a much more effective incentive. It is not difficult to foresee a condition in which only the drones would multiply and the producers would be sterile.

Not so spontaneous

CONSUMERS GUIDE, published by Consumers Counsel Division, Department of Agriculture, chronicles the rising tide of consumer consciousness in America. Its story about the two-year-old toddler who went with his mother to a milk marketing hearing in Washington had all the elements of human interest.

The young mother "had asked for a chance to talk about the milk problem" in Washington, as it might affect the health of her son. She was the most prominent consumer witness. "She came, she said, as the spokesman for a group of her neighbors."

Apparently it was a case of spontaneous consumer interest typical of the women of America. But, significantly, *Consumers Guide* failed to name or identify the mother. She is a resident of Greenbelt, the Government's model cooperative community in Maryland, and wife of the editor of the *Greenbelt Cooperator*.

True to the Tugwell tradition

THESE burning but indiscreet words caught our eye in an editorial in the *Greenbelt Cooperator* about a recent Washington apartment house fire:

But we will never have . . . action so long as we are dominated by a system of private ownership of property. . . .

Here in Greenbelt we are a privileged

group, protected from fire hazards and other dangers and inconveniences which plague the average family in the District. ... It is well for us to remember that this is only a tiny island in the sea of the profit system.

Yes, it's wonderful the advantages that a "privileged group" can enjoy—fireproof, \$16,000 homes at \$40 a month rent, or less. But what will happen when the despised profit system which now produces the tax money to give privilege to the underprivileged is no more?

"Small town parsimony"

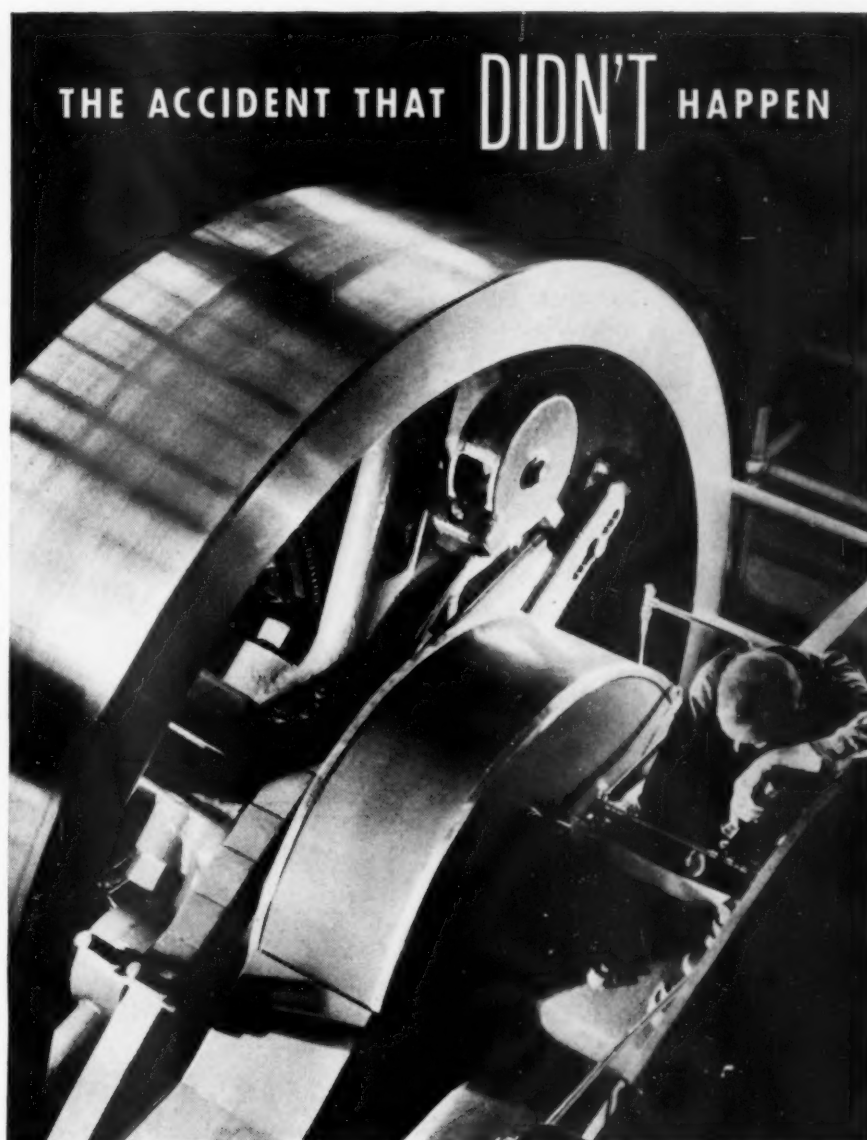
NEW GERMANY, Minn., wanted a city hall and community building. The W.P.A. made an estimate of \$60,000, part of which would have been contributed by the Government. The town Council thought that figure high, investigated and found the building could be erected for \$25,000. Unconvinced by the standard argument that local business would be stimulated through spending the larger amount, New Germany built its own hall without Government aid.

American judgment is revolting at the philosophy that it is better to spend \$2.40 for something than to get it for \$1, even though part of the \$2.40 is to be dropped like manna from heaven. People are seeing at last that not all gifts that glitter are golden. With that belated recognition should come what Raymond Moley calls "the twilight of super-government."

Recipe for patriotism

JUST NOW when there is so much activity in planning the required reading of pupils in public schools, here is the suggestion of a layman: See to it that each young American reads "Northwest Passage." Then, while the picture of the hardships and courage of the pioneers who laid the keel of the Republic is fresh in mind, require each pupil to commit to memory the answer of a young girl who had endured the hardships and when asked if she would not like to remain in the old country, said:

Do you think I can ever forget the day we sailed into Boston Harbor, or the freshness and cleanness of the wind that came down from those three blue hills to blow the last of Castle Street from me? I wanted to cry and to shout! And the people! Those strange, strange, free people who walked with a swing such as never was seen in England—who thought for themselves, grovelled before no one, knew no awe of any man; who'd never known what it was to be kicked and cursed by gin-soaked devils—never had to beg or steal or hide in cellars like starved cats—never been afraid of being insulted if they were seen speaking to those above them, or contaminated if they said a kind word to those beneath



IT WAS an engine much like this . . . clean-looking, well tended, responsive to every demand—apparently fit for many more years of efficient service.

Yet a deep-searching Hartford Steam Boiler inspection—formulated on this Company's vast experience in how and where to look for flaws, strains and weaknesses in power equipment—brought to light a growing but concealed crack extending well down into the main shaft. A timely discovery! A very probable catastrophe averted!

. . .

You seldom hear of the "accidents" that impend but which, through superior insurance-inspection, escape happening. Yet such disaster preventions have undoubtedly numbered thousands in the course of Hartford's 18,000,000 inspections of boilers, engines, turbines, pressure vessels and electric generators.

Hartford Steam Boiler's inspections are not simply the work of the men who crawl into your boilers

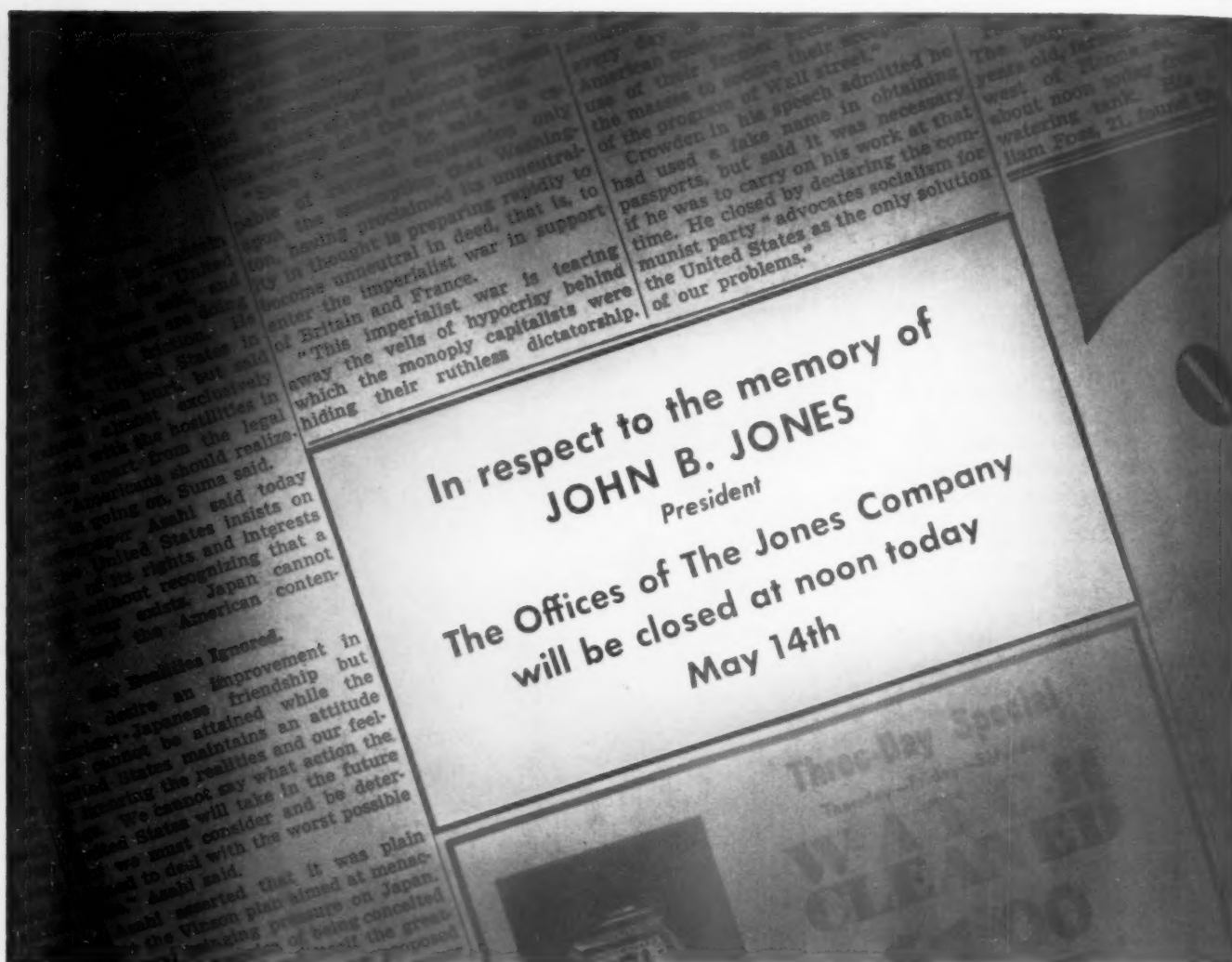
or examine your power machinery. They represent the results of the scientific investigations of an organization of SPECIALISTS which has done only this type of work for 74 years.

This organization includes a full-time staff of engineers who do nothing else but study power-plant accident causes and means of prevention; analyze and interpret field inspectors' findings; help make your power-plant insurance in Hartford Steam Boiler the safest that money can buy!

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AND WHAT OF THE JONES COMPANY TOMORROW?

THE Jones Company is a thriving business, a close corporation in which Jones held 50% of the stock. His active associates, Smith and Brown, each hold 25%. But now that Jones is dead, what will happen to his interests? What changes will Smith and Brown face? What, in short, of The Jones Company tomorrow?

If Mrs. Jones inherits her husband's interest in the company, Smith and Brown will find themselves saddled with an inexperienced co-owner, whose natural desire for regular income—with no contribution to the company's operation—may be disastrous to the future of The Jones Company.

Or Mrs. Jones, anxious to have liquid capital, may sell out to a third party—again leaving Smith and Brown with the problem of a new and possibly unsympathetic co-owner, or an outsider seeking a foothold in the business.

Or Mrs. Jones might wish to sell to Smith and Brown at a fair price, but at a price which Smith and Brown

might find it difficult or impossible to finance.

Or Jones, Smith and Brown might have foreseen this inevitable situation and provided for it through a buy-and-sell agreement financed with adequate life insurance.

Under the first three alternatives, The Jones Company would be in for some tough sledding. But under the fourth alternative, life insurance payable under a proper form of agreement keeps inactive interests out of the business. It, therefore, assures unrestricted control and management in the hands of Smith and Brown, the active stockholders. It guarantees a market for the stock at a time when needed and automatically provides the required cash. Jones' family is also protected—the full cash value of his interest is realized and may be

converted into income for their benefit.

But the value of such a plan is apparent long before the death of a stockholder. The life insurance acquires substantial cash value to support the company's cash position. It can be borrowed on in emergencies. It aids in stabilizing credit. It may be used to facilitate old-age retirement of the principals.

The low cost of Northwestern Mutual protection has been of special appeal to businessmen trained in looking for sound values, as has the ability of many Northwestern Mutual representatives to co-operate with a corporation's executives and their attorneys in devising a sound and equitable plan. Talk to one of these men to see how Northwestern Mutual life insurance can provide for your company's tomorrows.



THE NORTHWESTERN MUTUAL
Life Insurance Company, Milwaukee, Wisconsin

them! And until I forget those things, how can I be happy in a land where half-grown children are sentenced to death for stealing a loaf of bread, where noblemen think less of the poor than they do of dogs?

An age of discovery

WHAT WILL industry be like in 2065? The question suggests a vigorous exercise of imagination. Only a daring mind would try to peer that far into the future.

But when one looks backward an equal distance it doesn't seem far. Arnold, Hoffman & Co. of Providence, manufacturers of chemicals, is this year commemorating its 125th anniversary. The making of bleach, one of Arnold, Hoffman's products, was a link in the cotton textile chain that began in the 1790's with the invention of Slater's cotton spinning machine and Whitney's gin. In 1815 cotton production reached 90,000 bales. Currently it is about 13,000,000 bales.

In this century and a quarter chemistry has come of age.

A frank-ed appeal

LOBBYING is evil, we hear. It is also costly. If a corporation wanted to mail 630,000 first-class letters to its stockholders or customers asking their support of a bill before Congress it would have to spend \$18,900 for postage, in addition to other costs.

But when the governor of the Farm Credit Administration sends to 630,000 Federal Land Bank borrowers a memorandum signed by Secretary Wallace plugging the Jones-Wheeler bill to ease farm loan charges, the invoice goes to the taxpayers. The banks and mortgage companies who are injured by the competition provided in this bill should have franking privileges for a reply to the Secretary.

The socialist process

BUILD your own elevator with Government cash! Don't patronize your local elevator, it's detrimental to you! In effect, don't trade with your local people, because any other kind of business than a cooperative is detrimental to you. That was the gist of suggestions offered by Walter Fiedler, Farm Security Administration field man, who spoke at Lisbon recently in efforts to help the Farmers Union start a new elevator with federal funds.

Jack Ottum, Lisbon, N. D., newspaper editor, thus spoke in a radio broadcast. The situation he pictures is common to a great many agricultural communities. It is one that deeply concerns all supporters of free, private and unsubsidized enterprise in every state.

"Cooperation" is one of those "good words" such as Stuart Chase instructs federal officials to use. Cooperatives set up with government money to put

existing enterprises out of business are quietly but surely changing over the farm states into the "cooperative commonwealth" that Secretary Wallace has visualized for America.

It's well to remember what another friend of the people thought about government co-ops. Crafty Nicolai Lenin once said that "the mere growth of cooperatives is identical with the growth of socialism."

More financial semantics

TO ACCOUNT for an increase of \$60,000 in the new city budget for the Department of Purchase, Mayor La Guardia of New York City explains:

There is really no increase at all, as that figure merely represents \$43,000 in mandatory increments and more than \$22,000 for a new facility.

"Mandatory increments" sounds better for rationalizing an increased budget than Washington's "social assets." The Mayor's words might suggest a new approach to a college boy writing his dad for a larger allowance:

Dear Dad:

This month I need \$120 instead of the usual \$80. That is really no increase at all, since \$20 represents mandatory increments. My fraternity is throwing a function and I must go and take a *femme*. The other \$20 is for a new facility—first payment on a motorcycle to save carfare.

A business man looks in on us

AGAIN the National Chamber has met in annual session and spoken its collective mind on affairs of moment. Its resolutions and the leading addresses evoked from the press a nearly unanimous note of approval. This year its most captious critics have been silent. Evidently they see that the nation is beginning to march in step with the Chamber's consistently supported principles.

The supplement in this issue is not to be considered as a detailed report of the proceedings. Those who wish such a report will find it in the *Washington Review* of May 6. The full text of the resolutions also are available in booklet form.

We asked a business man from Cleveland to attend the meeting and write about what he saw and heard that interested him. While Mr. Feather is more articulate with the pen than most business men, he sees through the eyes of a fairly typical head of a successful medium-size midwestern business. The impressions he gathered from a four-day sojourn in Washington are his own. We believe his interpretations probe beneath surface appearances and reveal something of what American business is thinking.



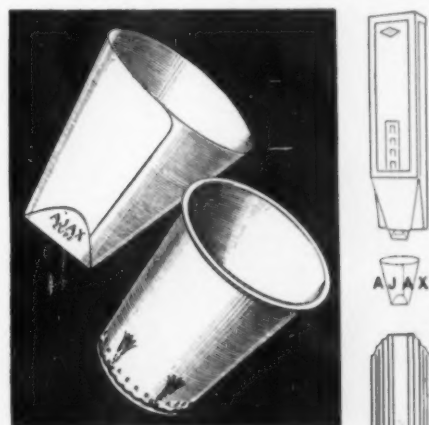
"LET'S GO WHERE THEY HAVE CUPS"

Pleasing the public is so often a small matter, like sanitary personal drinking cups at the water fountain.

Your customers prefer to drink water in comfort. They will appreciate the courtesy of an unfailing supply of the crisp round, flat bottom AERO or the unique thrifty AJAX sanitary paper cups.

"Ambassadors of Good Will," AJAX and AERO cups are one of those inexpensive services that look big to your public—and pay dividends.

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Send \$1 for handsome metal wall cabinet and a complete filling of cups, shipped prepaid anywhere in the United States. State whether AJAX or AERO. Address Dept. B6, nearest Division.

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Books • Toilet Tissue • Paper Towels

A New Weapon against Cancer

— powered by the G. T. M. —

Newest hope in the long war against cancer is science's mighty X-ray therapy machine that produces radiations as potent as those from costly radium in the treatment of human suffering. These radiations are created by bombarding a gold target with negative electricity accelerated by more than one million volts, generated with the help of the G. T. M. —Goodyear Technical Man. To maintain this high constant potential, a series of specially designed Goodyear conveyor belts traveling

at 6,000 feet per minute are employed to carry a continuous negative charge to the machine, transferring it to the terminal by electro-static induction. A most unique problem, building belts to carry an invisible electrical load, but again the G. T. M. specified the right answer in rubber. To consult the G. T. M. on any use of rubber, write Goodyear, Akron, Ohio, or Los Angeles, California — or phone the nearest Goodyear Mechanical Rubber Goods Distributor.

THE GREATEST NAME  IN RUBBER

GOOD YEAR



Bureaucracy Lifts Its Mask

OCCASIONALLY, in some mysterious way, truth will out. Mr. Ernest Lindley, apologist of the New Deal and its officially-approved biographer, unwittingly states an issue clearly.

The Walter-Logan bill offers court relief to a citizen who feels he has been treated unfairly by an executive bureau. Mr. Lindley, in his syndicated column, has diligently opposed the passage of this relief measure. He mentions disparagingly those who advocate it, "the National Retail Druggists, the Master Plumbers, the National Electrical Contractors." What does Bureaucracy, through Mr. Lindley, say of these citizens? He says:

In the whole lot of them there are probably not a dozen men, including their general counsels, who have more than the foggiest notion how the Walter-Logan bill would work in practice. Do the members of these organizations or their executive bodies claim to be experts on the machinery of government?

There you have it, the issue naked and unadorned. Who does the citizen think he is to question the all-wise bureaucrat? What presumption on the part of a mere plumber or electrical contractor or a druggist to look at the king! What does the common herd know about government, anyway? Theirs not to reason why; the District of Columbia boys—and girls—who carry the law in their brief-cases, know best.

This is typical of all the pseudo-liberals who continually prate of democracy. The popular voice is pleasing so long as it approves measures which increase political authority over the individual. But, when private citizens petition for safeguards against misuse of authority, the real attitude of rulers toward their subjects emerges. Oh, they say, the masses haven't the foggiest notion as to what is good for them. The very idea! that masters should protest against the policies and practices of their political servants! They know nothing of the machinery of government! Let them attend solely to their job of furnishing the fuel for the machinery by their hard labor, and keep quiet. How is it possible for them to know that it is sometimes necessary to deny them trial by courts, as to the facts; to forbid their holding speech with their work-

men; to deprive them of the benefit of counsel and witnesses?

Why, say the vociferous advocates of democracy and liberalism, such a bill as the Walter-Logan would increase the number of judges to an alarming extent! It would congest the courts! (Evidence, at least, of a need and demand for redress.) Bureaucracy has increased its numbers in seven years by a half million. This army of little rulers objects that the relief prayed for by common citizens would call for more judges and jury duty. Star chambers, against which true liberals fought, it will be recalled, were the acme of efficiency; they were very economical of time and money and jurors—but at the expense of liberty!

Druggists and plumbers and other small business men were the earliest liberals. And they do not stand alone today. A veteran in government service, a lifelong Democrat, the Chairman of the House Judiciary Committee, from Texas, Hatton Sumners, addresses his colleagues on the Walter-Logan bill:

Gentlemen, the plain facts about the matter are that we have made an awful mess of our job. It was the business of the "fathers" to establish this system of government and it is ours to operate it. They established the machinery for a system of government with such a distribution of governmental powers as to render it susceptible of popular control; and we, with a rapidity unequaled in the governmental history of the world, by a concentration of those powers, are converting that marvelous system into a great federal bureaucracy—a type of government in many respects the least efficient, the most expensive, the most susceptible of corruption and of tyranny of any of the known systems of government.... Is it not time we were giving that fact earnest patriotic consideration?

We writers of columns should not forget, in these parlous days of "the new liberalism," that the "swarm of office holders" who knew what was best for the small business man in 1775 were labelled Tories and reactionaries.

Mere Thorne

Sealtest "MEN IN WHITE"

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A Straight Lane to Socialism

By HERBERT COREY

ONCE the Government, under the Jones-Wheeler bill, is given domination of the farm field, domination of homes, stores, shops, factories isn't far off

THE JONES-WHEELER Farm Credit bill is the most dangerously radical measure ever to be given serious consideration by Congress!

That is the charge made by the opponents of the bill. They say that, if it becomes law, it will destroy what has been the sound policy on which the Farm Land Banks have operated for years. Credit to farmers, they say, will



Government, by controlling credit would rule the good farmers

be vested in the Department of Agriculture. A practical effect would be that the Department would become dominant in farm politics.

They say the bill, if made law in its present form, would dump on the Government millions of acres of worthless farm land. Hundreds of thousands of farmers on second rate farms would become tenants of the Government. Other men on good farms would not dare oppose an administration which could ladle out credit on incredibly easy terms or refuse credit at will. It would make a large proportion of our farmers over into peasants—they say—and "peasant" has always been a fighting word in the United States.

The Jones-Wheeler bill, say its opponents, would put mandarin buttons on hundreds of government clerks. Its provisions would, they say, in effect compel farmers to vote as they were told

If the law is passed, hundreds of thousands of farmers on second-rate farms will become tenants of the Government



MCMANICAL

Eventually the Government would take title to thousands of farms

and plant as they were told on as many acres as they were told. Or else! The bill would, they say, completely destroy the present system of private lending. Banks and insurance companies would be forced to turn their present farm holdings over to the Government. They say that if, through the operations of this law, the Government becomes the sole banker for the farmer, the small home owner class will be the next to be swallowed up. This further step into socialism would be inevitable. They point out that the men who have led in the fight for the Jones-Wheeler bill are known as the most radical members of the present administration. Their support is drawn from the radical elements of the population. They observe that, in the fight to get the bill passed, Governor A. G. Black, the newly appointed head of the Farm Credit Administration, has been charged by two congressmen with the open violation of the law

forbidding government employees to lobby for measures in which they are interested. Black sent out, at government cost, letters to 630,000 farmers urging them to appeal to their congressmen to vote for the bill.

The record of farm credit

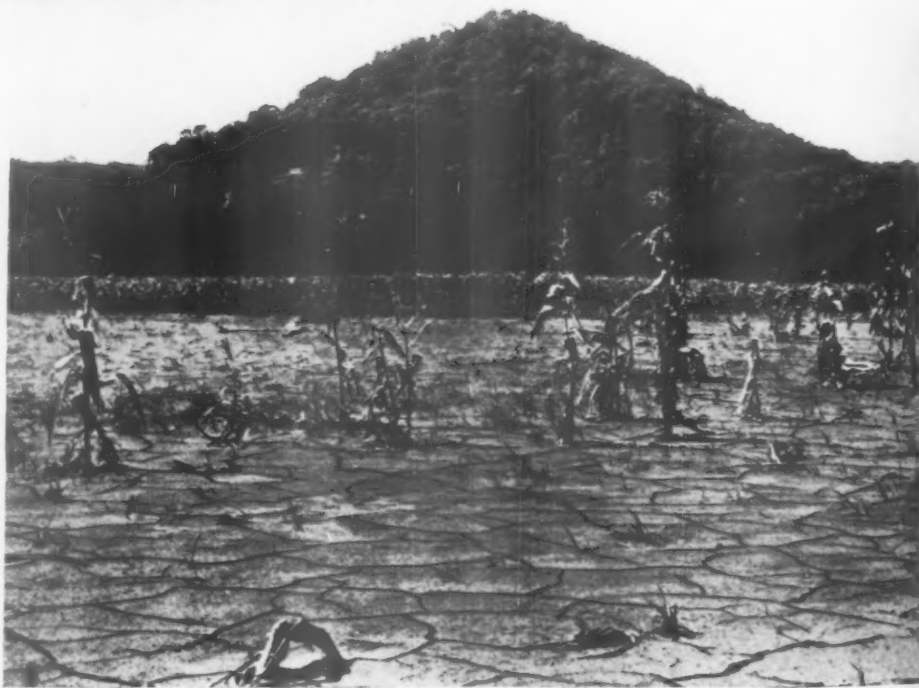
THEY say the Jones-Wheeler bill is a straight lane into socialism.

To these charges the proponents of the bill offer either silence or blanket denial.

The present writer does not propose to sit in judgment on these conflicting claims. He will merely try to assemble the facts. The one point on which both sides agree is that the American farmer's income is not what it should be and not until it has been restored to what it used to be will we have prosperity.

Now let us look at the record.

In the period of excited growth after the Civil War, farmers were willing to pay up to 15 per cent interest on their borrowings. They could afford to do so then. Rich land could be had for nothing by moving farther west and farm prices were high. The panic of 1907 altered values and the farmers were pinched. Banks began to insist on short term loans so they could watch the properties on which they lent money. The cost of re-appraisal was borne by the farmer. Some of the farm organizations tried to form cooperative credit unions, on the plan that had been successfully followed in Europe for more than a century. This was not successful,



EWING GALLOWAY

Loans might be made on the basis of "social need" rather than land values. The owner of a poor farm might borrow more than the owner of a good one

but in 1912 President Taft appointed a commission to study the question of farm credit. This resulted in the passage of the Farm Loan Act of 1916, which followed the basic principles of the cooperative credit plan. These were:

Individual responsibility: A borrower was held to his pledge.

Joint responsibility: Members of farm organizations were liable as joint guarantors for amounts equal to their own borrowings. This led to a careful selection of members.

Character security: A farmer was only accepted as a borrower if, in the opinion of the society officers, he was a man of integrity and a good farmer.

Stock ownership: Members were required to take stock in proportion to their borrowings. Profits and losses were accordingly shared. Each borrower was vitally interested in every loan.

No financial aid was asked from the Government. For convenience sake, the farmers' societies were united through the financing agency of the land banks, which were authorized to pool the credit resources, issue bonds based on the mortgages, and make a market for these bonds. For a time the cooperative principle was followed. Then the country ran into the period of inflation which ended with the grand bust of 1929. According to Albert S. Goss, former Land Bank Commissioner, the land banks in some cases went as haywire as the rest of us. Some of them, he says:

... attempted to operate as old-fashioned central mortgage companies and used the associations only as business getters. Little effort was made to have the members take part; the recommendations of the boards were largely ignored; the banks began to do business directly with the borrowers instead of through the associations, and the

strong safety factors were pretty much abandoned.

Foreclosure threatened a million farmers. Yet the striking fact is that the associations which held to the horse-and-buggy cooperative plan came through with comparatively little loss. Congress recognized this fact and when, in 1933, it determined to do something for the farmers and enacted the Emergency Farm Mortgage Act, these existing associations were used. The Farm Credit Administration was created with \$125,000,000 from the Government, and began to operate with self-respect and a fair degree of efficiency, still holding to the ideas on which the original cooperatives were founded. Loans were as nearly bankable as possible, the associations were helped back to solvency, and the definitely stated plan was to let go of the government prop as quickly as possible.

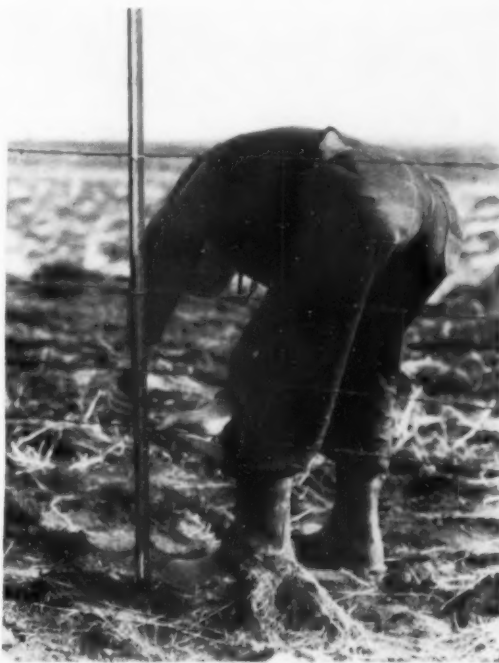
Competition in lending

AS time went on, however, 11 different lending agencies were dumped into the F.C.A.'s lap. Through them, more than \$350,000,000 in subsidies has been handed out, and each agency operates, so far as possible, in competition with all the other agencies. Private business would not tolerate this condition overnight. Only the specialists in government aid to farmers could keep track of what was going on.

For all that, on the as yet un-

challenged testimony of Mr. Goss, the F.C.A. was moving toward independence. It has 650,000 stockholder members, with 250,000 other non-member borrowers, with 3,700 farm-loan associations officered by 24,000 directors and others. Thanks to economies and consolidations, the associations in 95 per cent of the territory have recovered the solvency of before-the-depression days. It has made common the use of the amortized loan, has a good record on delinquencies, and a foreclosure record of approximately half of other farm-mortgage lenders. At the end of 1939, it is estimated, the credit outstanding

(Continued on page 117)



The czar could order a farmer to change his methods or even his rising time

Farm credit would be vested in the Department of Agriculture



Under the law farmers could be compelled to vote as they were told through the fear that, unless they obeyed the bureaucrats, credit would be refused



Statistical Hocus-pocus and the

By SAMUEL CROWTHER



The statistician is like the paleontologist who, given a bit of bone or a skull, can think up a prehistoric man to fit the remains

NOT SO LONG ago—say in the mid '20's—a strange new bloom flowered in our midst. It was called the "business cycle." Such of our citizens as were using reputations for being alert, well informed and abreast of the times became business cycle conscious and deeply learned. For years statisticians and economists had been variously arranging price figures which they thought typified that will-o'-the-wisp known as "economic conditions" and drawing charts that looked like cross-sections of the Rocky Mountains. The peaks represented prosperity and the valleys represented depression, and for some reason the economists hit on the word "cycle" to describe the ups and downs.

All of which was interesting but not important, because the economists drawing the charts frankly said that they did not know what the lines meant. Then someone reasoned that the lines could be projected into the future

on the basis of what had gone before. That brought the business cycle into full blow.

Business men awoke to discover that, right under their noses, was a scientific key to the future. If one knew how business was going to be, one could plan ahead with none of the old, crude guessing. Also, if one had a feeling against work—and it developed that nearly everyone had—he needed only a chart expert and a few hundred dollars to gain a living from the stock market.

The fortune-telling economists took to the dog house in the stock-crashing days of October, 1929.

It is not overstating the case to say that the boom of the late '20's would have been throttled down before it got out of hand had it not been for the economists and statisticians who proved to business men, politicians and the public that a New Era had come about. It was only afterwards that the

realization dawned that the experts had never known what they were talking about.

The charts and the statistics are loose again but now they have nothing to do with the business cycle. The new charts and statistics have to do with what is termed the "national income." The headquarters of the new cult is in Washington, and the statistical swamis are mostly on the federal pay roll.

Visions of national income

THE national income, it is represented, is the national wage—the sum paid to the people each year and out of which they must live. If that be so, it is an important figure to know about, because, if it be too low or badly distributed, something ought to be done about it. The Department of Commerce has taken to announcing national income figures each month, so that we may know how we are doing almost from day to day. And we have forecasts of a continually rising curve of prosperity.

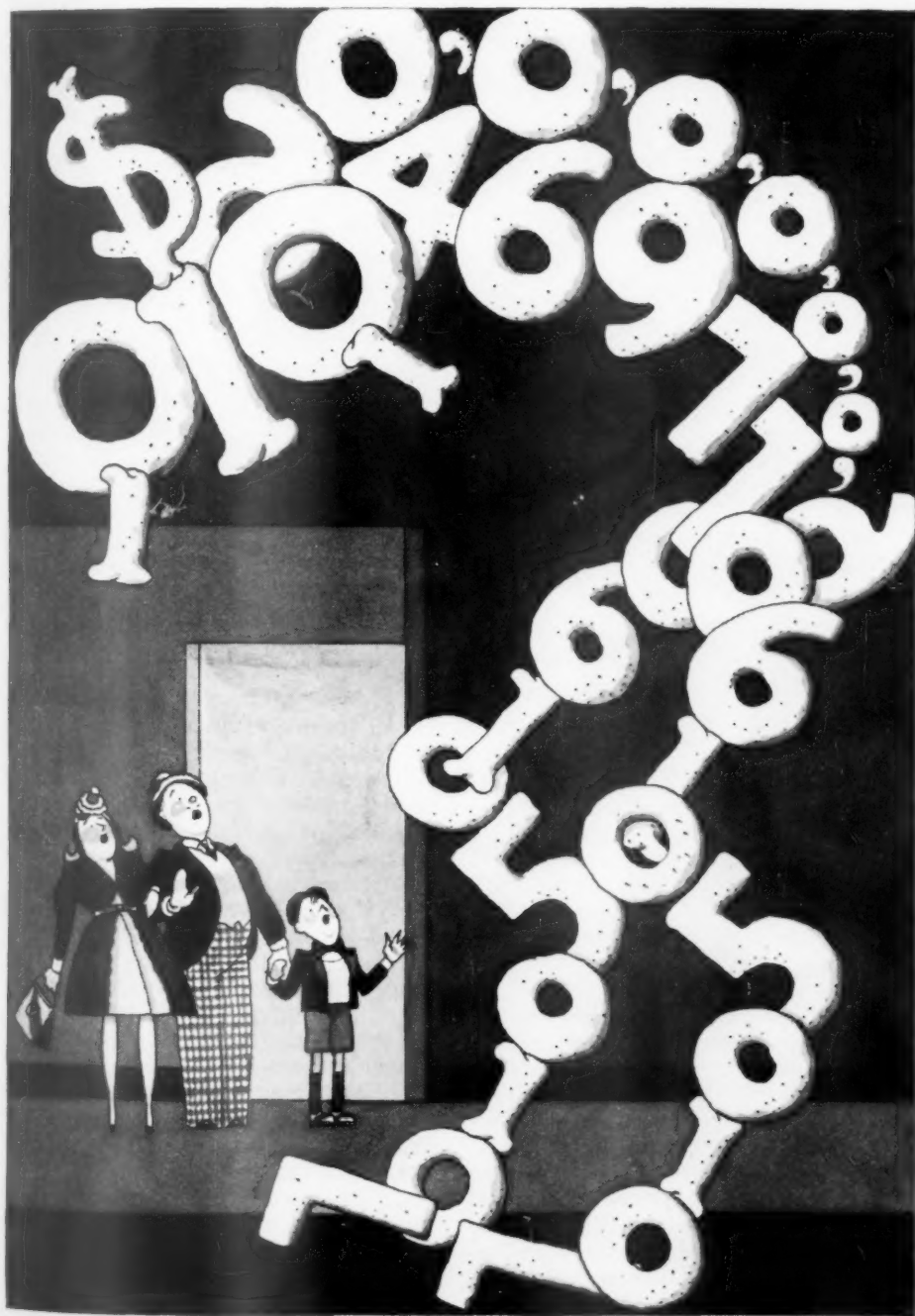
But the national income has certain advantages over the business cycle. The general prosperity that used to be predicted was somewhat impersonal, but a wage—national or otherwise—seems personal. Not only can wages as a whole be raised, but also the wages of special groups can be raised. These special groups are no longer what we used to call "special interests," because, it has been worked out, raising the income of any lower income group diffuses purchasing power which raises all incomes. Now what used to be a plain Treasury raid has become an altruistic—almost a holy—cause.

It all seems beautifully logical and simple. If we know our national wage and it is not enough, it is just common sense to raise it. If the national wage is going to the wrong people, it is just common sense to pay it to the right people. If taxes are too high, the remedy is to raise the national income to a point where the surplus after paying taxes will be large enough to satisfy everyone. And so on.

We are living in an age of statistics, and the average citizen is confused. He has been brought up to believe that

e National Income

THE national income is not the national wage and it is not income as an individual thinks of income. What is it then and, if it needs raising, how will we know when we're raised?



LOUIS FANCHER

figures do not lie. He does not know that a new science or art of statistics has arisen and that thousands of earnest, unimaginative young men and women are being trained in statistical paleontology. A paleontologist, given a bit of bone or a skull, will guess up a prehistoric man to fit the remains; the first artist that gets the whimsy will cross him with a gorilla and turn out a living image of the prehistoric man, even to the color of the hair, and probably surround him with children. Then a psychologist, studying the portrait, will evolve the fellow's personality, and, by easy stages, the weatherbeaten old bone becomes a civilization. The modern statistician does not need even the bone. He can do with a few figures.

For instance, the National Resources Committee has lately been telling us some interesting facts about ourselves—how much families at varied income levels, ranging from under \$500 to more than \$20,000 a year, spend for food, housing, clothing, tobacco, hair waves and tooth paste. It appears that one-third of our families are not getting enough income properly to provide for themselves, but that, if the national income were increased to \$80,000,000,000 a year, they all would be reasonably well off.

The figures that reach the public are flat and unequivocal and are cited as official facts. But an examination of the 195-page report tells another story. It appears that W.P.A. workers took questionnaires to 60,000 families living

The paleontologist needs a bone to create his monster. The statistician needs only a few figures

in 51 cities, 140 villages and 66 farm counties. The questionnaires, in six closely printed pages, ask about family income, assets and expenditures in a detail that no family that had not dedicated itself to bookkeeping could answer. Therefore, most of the answers must have been guesses. Of the returns, 42,000 were deemed complete enough to use, but only 14 returns were made for families with incomes of \$20,000 a year or more and, of these, 11 were in the \$20,000 to \$25,000 class.

Many statistics from few facts

THERE are nearly 30,000,000 families in this country, but the statisticians, with the records of little more than one-tenth of one per cent of these families, managed to work out sample spending patterns for families at 15 grades of income and then announced to the world that in such fashion the American people spent their money.

The report does not pretend to be much more than fancy leaf raking; but highly placed officers of the Government have taken the figures as incontrovertible facts which show the urgent national need of more spending to raise the purchasing power of the submerged one-third by raising their incomes.

The national income is what we live by, but the national income as expressed in dollars as the result of a kind of statistical synthesis may mean a great deal or nothing at all, depending first on how accurate the figures are and, second, on what the dollars mean in buying power. That is where the confusion starts. President Roosevelt, in his budget message of January 3, 1936, said:

Our policy is succeeding. The figures prove it. Secure in the knowledge that steadily decreasing deficits will turn in time into steadily increasing surpluses, and that it is the deficit of today which is making possible the surplus of tomorrow, let us pursue the course that we have mapped.

It so happens that Germany during 1923 would have shown in marks the greatest national income in its history—if anybody could have counted it. To support the unemployed, the Government had to issue so many more marks than there were things to buy that the marks lost their purchasing power faster than they could be issued, the people went hungry and the nation collapsed. So, while a rise in national income in dollars may be evidence of prosperity, it may also be evidence of the reverse.

Take a few figures. An \$80,000,000,-

000 income has been set up as a goal. An income of \$80,000,000,000 today, what with the growth in population, would mean less to share than we had in 1928-29 when people took prosperity for granted. The \$100,000,000,000 income would be here now if we had maintained the 1919-1929 rate when, according to the National Bureau of Economic Research, the national income rose from \$60,100,000,000 to \$83,600,000,000 or a total of \$23,500,000,000 in ten years. But prices were very high in 1919 and the dollars did not buy as much as in 1929. If one applies a 1929 price divisor to the 1919 total, it drops to \$56,400,000,000. So, in terms of 1929 prices, the rise from 1919 to 1929 was in the astounding sum of \$27,200,000,000 or almost \$4,000,000,000 more than the plain dollar figures show.

Those in posts of responsibility pro-

the national income to \$80,000,000,000 or more. And since we once had full prosperity on a big income, it is presented as an incontrovertible fact that reproducing the big income will reproduce the full prosperity.

The idea of treating the national income as the nerve center of prosperity is new, but the scheme somehow has a familiar ring. The economic planners thought of our economy as a pump which was not producing a full flow of goods because it needed priming. They insisted that great government spending would prime the pump and declared that, once the pump was working, their plans would keep it working and the result would be the abundant life.

The inspiration of our American planners came from a group of clever and engaging British economists who called themselves liberals and gained prominence in the Labor Party. But neither the late Ramsay MacDonald, the head of the Labor Party, nor Stanley Baldwin, the head of the Conservative Party, would have commerce with them, and the British recovery proceeded exactly contrary to their ideas—that is, with a balancing of the budget and a scrupulous avoidance of government spending as an aid to recovery.

More money for taxes

THE only surviving and articulate disciples of the British spending group are now in Washington and in the American colleges. The old planning idea was to raise the production of goods so that everyone might have more goods. The new idea of raising the national income dwells only incidentally on people having more goods. Its primary purpose is to provide the people with more money so that the Government may collect more taxes and make ends meet without reducing spending. Therein lies a difference of extreme importance—but one which is lightly passed over.

If the "national income" is a definite accounting statement that tells us as a nation just where we stand, then it is a good point from which to start considering our status, because accounting is the thermometer of commerce. A man in business can kid himself just so long; then his accounts, having taken the form of creditors, descend upon him.

If the statements of national income are not accounts in a bookkeeping sense and are not what those unversed in statistics think them to be, it is inevi-

(Continued on page 112)



The figures indicate that the amount of the national income depends on who counts it

pose that the Government, as the great employer, shall spend without stint in order to raise the nation's wage or income. Because, of course, the more money flowing from the Government into the pockets of the people, the greater will be their income, and so it would seem to be just a detail to raise

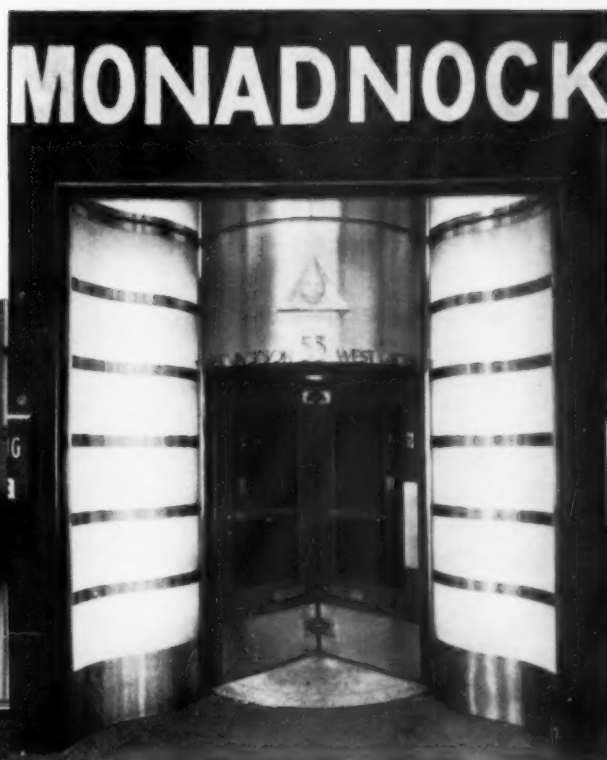
Rejuvenation Wins Tenants

By SHIRLEY WARE

OLD office buildings are serious problems to any community. Here's how enterprising managers make them pay



ILLUSTRATIONS COURTESY GEORGE SENSENEY, ARCHITECT



ART PHOTO

A half-century-old front entrance modernized with concealed lights set in frosted glass panels bronze trimmed

IN EVERY metropolis stand numbers of office buildings that have become problems to their owners and managers. Leases expire and are not renewed; each renting season vacancies increase; tenants are being attracted to the more modern buildings.

What is to become of these buildings? Are they to be torn down for parking lots, reduced to one and two-story taxpayers, or left standing, hopeful of a better renting market?

These questions have been answered in downtown Chicago, and in business sections of many other cities, by modernizing 40 and 50 year old buildings as well as those built more recently.

Not every building is suited to modernization but, if the structure is good, chances are that the obsolescence can be covered up, or, with a more extensive program, almost removed. Con-

trary to general belief, rehabilitation does not depend upon rejuvenation of both exterior and interior. When the job is complete, physical appearance is more pleasing, but not all buildings have ample funds for extensive reconstruction. A piecemeal program, to meet each new renter's needs, seems to be most practical in many cases.

The less ornate the architecture, the simpler it is to acquire a modern style but, when the opposite is true, reconstruction of the façade and entrance will draw attention to the first floor or store fronts, and the bulk of the money can then be spent on the interior. A versatile architect is a prime requisite—one who will work and visualize with the management to achieve required improvements rather than build monuments to himself. In nearly every instance sufficient space is first rented

from architectural plans and drawings to assure the success of the venture.

Each building presents its individual problem and has its own solution. An analysis of the kind of tenancy that can be drawn to the location is the first step. Perhaps the most comprehensive program allotted to one building, in the Chicago area, was employed by the Fairbanks Morse Building on Chicago's lake front, at 600 South Michigan Avenue. This building, occupied by the International Harvester Company for many years, had always had a prestige reputation. When the big space user moved to its own structure only half of one of the 15 floors remained as rented area. After vain attempts to rent the space, a \$300,000 modernization program was initiated.

The plan was to attract one prestige tenant using sufficient space to warrant renaming the building, with a follow-up of high class tenants. Eventually, five floors were leased to Fairbanks Morse before the vacating tenant's lease had expired.

Exterior modernization was confined



Old lobby changed to look like picture at right with oriental walnut veneer, bronze and aluminum trim

HEDRICK-BLESSING



Barber shop in an old building with clientele from nearby clubs was made to resemble lounge of a man's club, even to crest above doorway

GERALD YOUNG

to cutting off most of the ornate stone carvings on the lower floors and replacing them with smooth, white Indiana limestone.

A modern classic treatment was achieved by building stone columns, centered with narrow panels of glass, over the four entrances. Windows were changed to steel casement type and a black granite base outlined the entire front and side. Anodic finish aluminum was used for revolving doors and exterior trim, a move toward lowering of maintenance as this material is impervious to weather.

Italian marble in the floor and walls of the main lobby was pulled out. Walls were plastered and covered with fine wood veneer of oriental walnut, a pleasing contrast to the aluminum doors and bronze door trims of elevator entrances. The old-fashioned ceiling lighting fixtures were discarded for cove lighting, affording a more uniform distribution of light and eliminating too frequent cleaning of fixtures.

Elevator cabs were enclosed and the walls lined with grey hare wood, to blend with the smartly designed rubber tile flooring and aluminum doors.

An ultra-modern type of signal light added to the sleek, simple treatment. On those floors where modernization was not yet in progress, or was incomplete, the elevator doors, including glass panels, opening and closing levers, and ornamentation, were painted a neutral sand color to erase the outmoded appearance. Later these doors were replaced to conform with the decoration selected by tenants whose space faced



HEDRICK-BLESSING

Cove lighting in ceiling gives even light distribution

the elevators, or who rented the entire floor.

Walls of the corridors on the first four floors were covered with walnut wood veneer with aluminum trim and the floors laid with terrazzo in tan and black. All lighting fixtures were indirect. On the upper floors, at lesser cost, the walls were painted over plaster, terra cotta or sand, and the floors were of rubber tile in deeper tones. It was possible to salvage and remodel doors from the original lot, to serve as standard office and corridor doors, effecting a worth while saving.

New doors help wiring

DOOR casing of metal, hollow inside for enclosure of wires for lights and telephone were used throughout. These are to be had in sections that fasten together with screws, easy of access in case of repair and, when painted to match the walls, appear as part of them. Base strips of rubber replaced former baseboards.

The previous open scroll type of stairway did not fit the modern tempo

so the balustrades were completely covered with plaster to form a solid stairway. A slight recess at the base was provided to "clear" the steps. When painted terra cotta to match the walls and topped with a hand rail of aluminum, it became smartly streamlined. Trough lighting fixtures with aluminum trim followed the stair ceiling, and sidewall fixtures similar to the elevator signal lights completed a most modern stairway.

Bringing together of the various structural appurtenances was accomplished by replacing plumbing stacks one above the other on each floor; combining the main water supply and soil stacks in one shaft, running telephone and telegraph wires in a separate shaft, and building another to house the electric system. Lavatories were located on each floor to compete with facilities offered by newer buildings. They were built of prefabricated porcelain enamel on steel, constructed at the factory to specifications and set up quickly at the building. Maintenance was reduced to a minimum by painting the walls in gloss finish; installing stainless steel hardware and trim and rubber tile floors.

Office partitions were constructed of glass brick so that they might be readily moved and to borrow light while obscuring view. All offices were made soundproof by the use of acoustic ceilings. Even paint was functionally em-

ployed—high ceilings apparently lowered by the use of dark paint, low ceilings "heightened" with a light color.

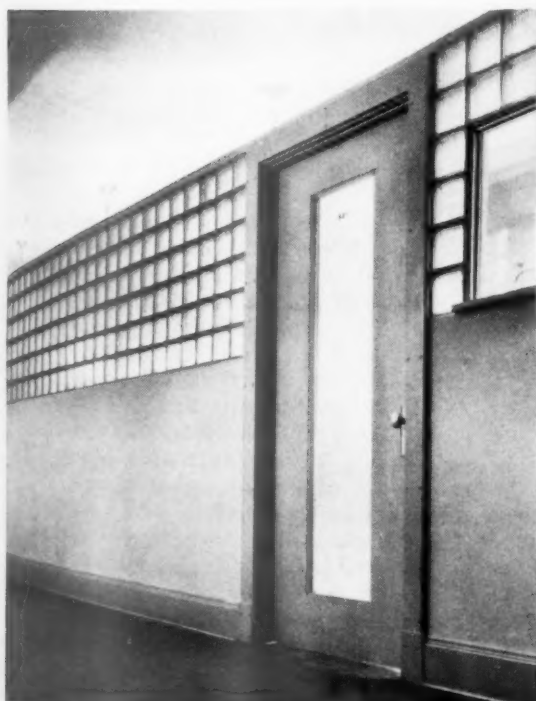
Apparent improvements

A VENTILATING system was installed to exhaust air to the roof six times an hour, assuring pure air for the tenant. The handling of elevator operation was designed as an illusion of speed. The mechanism, much less outmoded than the style, still did not produce better than 300 feet per minute, as against 800 possible with new systems. With but 15 floors to be serviced by six cabs, the problem became one of mathematics. By enclosing the

shafts the passenger could not compute the speed and would be concerned only with the wait. When all six elevators are operating service is comparable to any competitive building. The renting of space was planned as follows:

Fifteenth floor.....	
Fourteenth floor.....	
Thirteenth floor.....	
Twelfth floor.....	left open for anticipated higher rentals
Eleventh floor.....	entirely rented
Tenth floor.....	
Ninth floor.....	
Eighth floor.....	rented to small space users

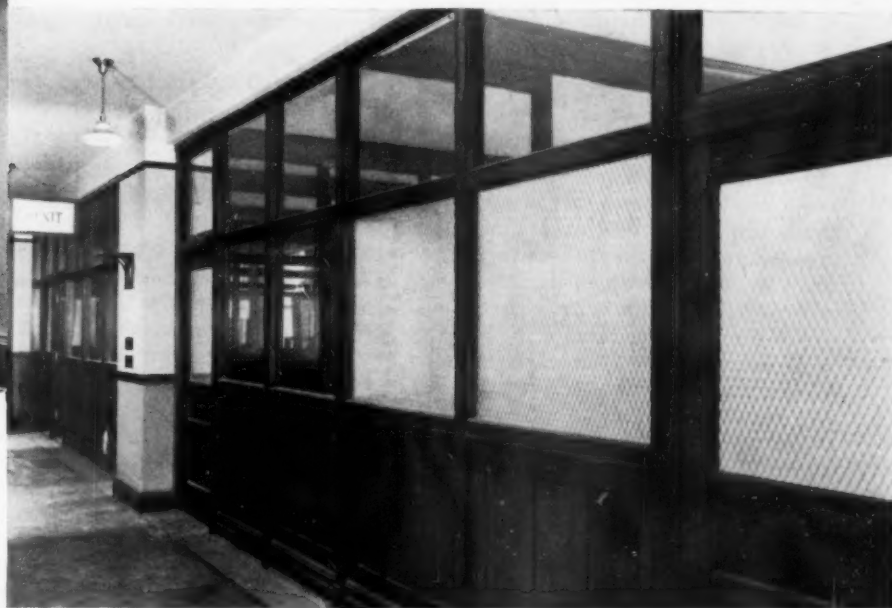
(Continued on page 102)



Old fashioned type of "borrowed light" partitions replaced with glass block. Hollow door casings encase wiring



Cork blocks in ceiling are sound absorbent and set over a former too ornate ceiling. May be either washed or painted





HARVEY LIPPMAN

The broadcasting chains and radio artists tell their troubles to the A.A.A.

First Aid Treatment for Labor Ills

By WEBB WALDRON

IS AN employer under a closed shop contract required to discharge an employee who is not a member of the union? If a labor contract gives employees a vacation with pay, are workers laid off just before vacation entitled to vacation pay? Has a textile mill the right to increase the laborload from two looms per man to four looms per man when nothing about increased tasks is mentioned in the labor contract? May a salesman be exempt from transfer from one store to another because he is a shop chairman and therefore, under the terms of the contract, cannot be laid off? Are employees of a shoe factory entitled to a pay increase because of higher living expenses than existed when a contract fixed the present rates?

These are a few of the multitude of controversies that arise under contracts between employers and unions. Often they involve only one worker.

THE AMERICAN Arbitration Association demonstrates that disputes between worker and employer can be settled by peaceful means

But the conflict, if not settled peacefully, may intensify and bring on a strike or a lockout, with the loss of thousands of dollars both to employer and to hundreds or thousands of workers. Frequently the root of the trouble is the interpretation of some clause in the union-management contract. Back of that may be a vagueness or inadequacy in the contract itself. Its framers failed to foresee all the circumstances that might arise in the course of the day's work in store, studio, office, garage, factory.

Well, why not arbitrate?

Great, well organized industries such as the garment and printing trades have, for a long time, used

their own set-up of arbitration as a regular method of settling disputes between employer and labor under the union contract. Meanwhile, smaller industries and those not so well organized, and individual manufacturers and retailers, have been stumbling into totally un-

necessary walk-outs, sit-downs and lock-outs all for the lack of a way of adjusting disputes.

But now the American Arbitration Association comes upon the scene, giving every employer and every group of workers, no matter how small, a quick, economical and authoritative solution. The A.A.A. is a private non-profit institution, supported by contributions from public-spirited citizens, by the memberships of organizations, companies and individuals who use its services and by the modest fees charged.

It was founded 14 years ago in New York City on the conviction that a

(Continued on page 106)

Why We Lack Skilled Labor

By ALFRED M. COOPER

THE PUBLIC trade school was conceived as a means of training industrial workers. It was not permitted to function as it had been planned. Here's why

DURING ten years of recurrent depressions, recessions, and breathing spells, industry has permitted itself to run short of skilled labor. Concentrating on the urgent problem of relieving unemployment, it has neglected to take steps to replenish the supply of skilled help which has steadily diminished through natural causes without adequate replacement. As a result, when unexpected prosperity hits any branch of industry, such as that occasioned by the recent flood of orders in the airplane factories, the real and urgent problem facing every employment officer in these plants is to find at once trained mechanics—who simply do not exist.

In such an emergency, management turns to the labor unions for assistance, soon discovering, however, that the answer to its problem is not to be found in those organizations. You simply cannot create a skilled tool-and-die maker by writing out a union card. The unions have always neglected the apprenticeship problem, while at the same time they have resisted the efforts of others to rectify their oversight.

There are at present but two agencies which could be utilized to train the men which industry must have if the '40's are to be the prosperous years we all hope they will be. The first of these is the "company school," an apprentice-training unit set up as a part of the individual plant, and staffed with teachers who are trained employees of the factory. The second is the private or public vocational school, with a faculty made up of skilled craftsmen with many years of actual experience at the trades they teach. Neither of these agencies is functioning now on a scale sufficient to be of real help.



What happened to the public trade school? After a good beginning it hit an academic barrier and was thrown for a loss

In the period when industry's greatest problem was to find jobs for idle workmen, the apprenticeship schools of all but the largest plants were abandoned entirely or greatly reduced in size. Since it requires three or four years to make a journeyman from an apprentice in any of the skilled trades, expansion of the company school will have no immediate effect on the situation we now face.

Little control over schools

PRIVATE trade schools may be very good or they may be terrible. No one outside the schools exerts any real control over their curriculum, equipment or teaching personnel.

They face a constant temptation to cut corners; they must keep a large enrollment moving quickly through their

shops and classrooms if they are to make money. In general, they cannot be depended upon for adequate apprenticeship training since, for the most part, they place their emphasis upon short courses preparing their graduates for certain highly-specialized mechanical jobs.

Correspondence school courses, so valuable to the man who is actually employed as a mechanic, likewise cannot substitute for a proper apprenticeship training system with shop and classroom instruction.

This brings us to a consideration of the public trade school, the last remaining possibility as a dependable and unfailing source of skilled labor. And, when we examine carefully into the existing set-up in this field, we see two things:

First, that these schools are potentially

our best resource for solving the problem at hand.

Second, that, in their present numbers, and without some radical changes in policy of administration, they are going to be of little assistance to us.

Twenty-odd years ago vocational education in the public schools of the United States, and particularly trade education, got off to an excellent start. The Smith-Hughes and Smith-Sears Acts set up a sound basis for real co-operation between the federal Government and the various states. They provided that any community establishing a public trade school, properly equipped and staffed with instructors possessing certain prerequisite training in pedagogy and experience as journeymen mechanics, would receive substantial government financial aid. At once a number of such schools were established, and it looked as if vocational education was about to come into its own.

If the intent of these acts of Congress had been adhered to, we would today have no dearth of skilled labor.

What happened to the public trade school? Well, it hit an academic barrier and was thrown for a loss. The public school system of America has for its sole *raison d'être* the preparation of our children for college. Anything which has been introduced into its curriculum which has not fitted into this basic academic scheme of things has met with terrific opposition from those

who control our educational system. In the opinion of the academician, industrial training in the public schools must be reserved only for those students whose backwardness makes them unfit material for an academic or professional education.

Trade schools were handicapped

NOW every industrialist knows that the school teacher is wrong in this assumption. He knows that you cannot make a good journeyman mechanic out of human material unfit to develop into a mediocre lawyer, dentist or teacher. Furthermore you cannot develop good craftsmen from boys who are made to feel that they have been relegated to a trade school because they were not good enough to become professional men.

Yet this is exactly the attitude of the academician toward the whole matter of trade training in our public schools. To these men, the trade school belongs in the same class as those special schools which are designed to take care of subnormal students—institutions into which boys or girls who cannot be fitted into the college-preparatory scheme are shunted, where they are given something that may help them to make the best of their handicapped existence. This is hardly the place to put industrial education in the public school system of such an industrial democracy as ours.

The intent of the Smith-Hughes and Smith-Sears Acts was to make industrial education respectable. It was hoped that a system could be set up in which the student would be just as proud of his diploma from a trade school as if it were a college sheepskin. It was further intended that the instruction in such a school should be 100 per cent practical, and that its graduates should be thoroughly trained in modern shop practice.

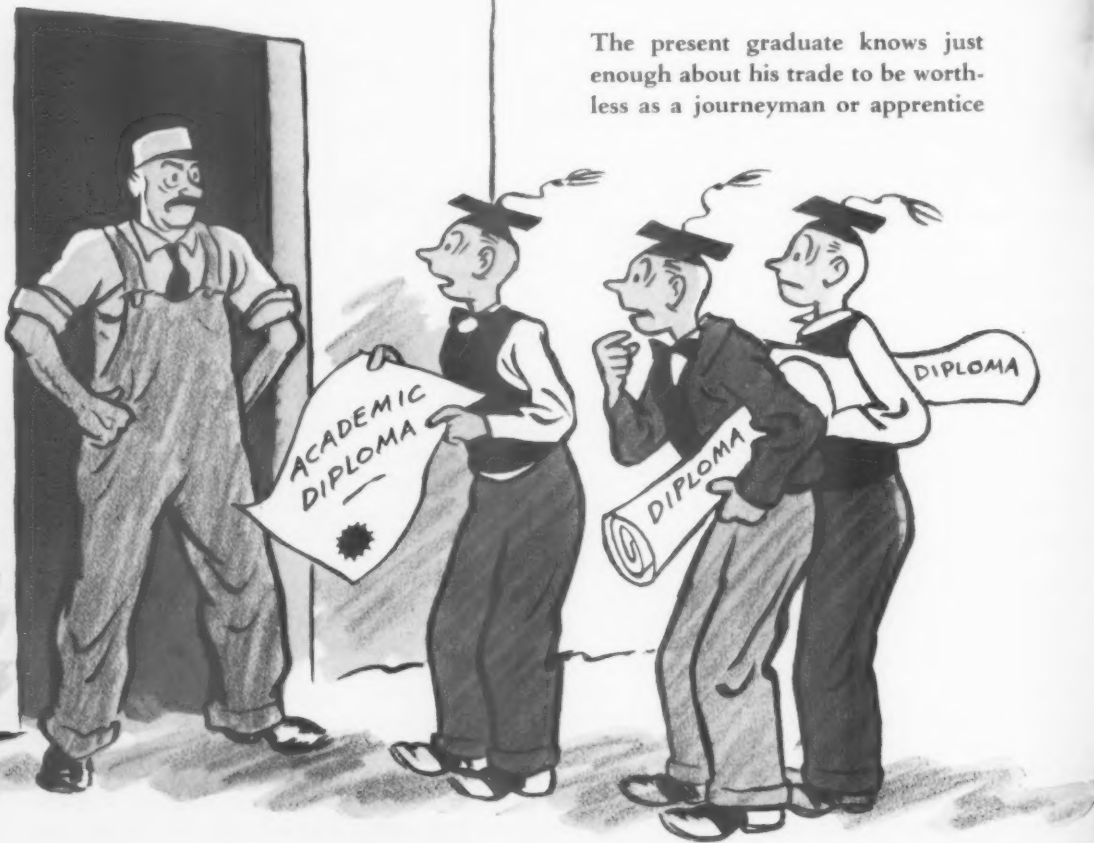
To this end it was specified, as a matter of course, that the instructors must be journeymen mechanics, with at least five years' experience in their trade beyond the apprenticeship period, and that these men must complete a specified course in teacher-training which was made available to them at the various state universities.

It was believed that only by putting the instruction into the hands of skilled mechanics, thoroughly experienced in actual production methods and processes, could you hope to develop young men capable of taking over journeymen duties in a modern mill or factory. It was considered unnecessary for these instructors to have, in addition to these essential qualifications, a college degree in education.

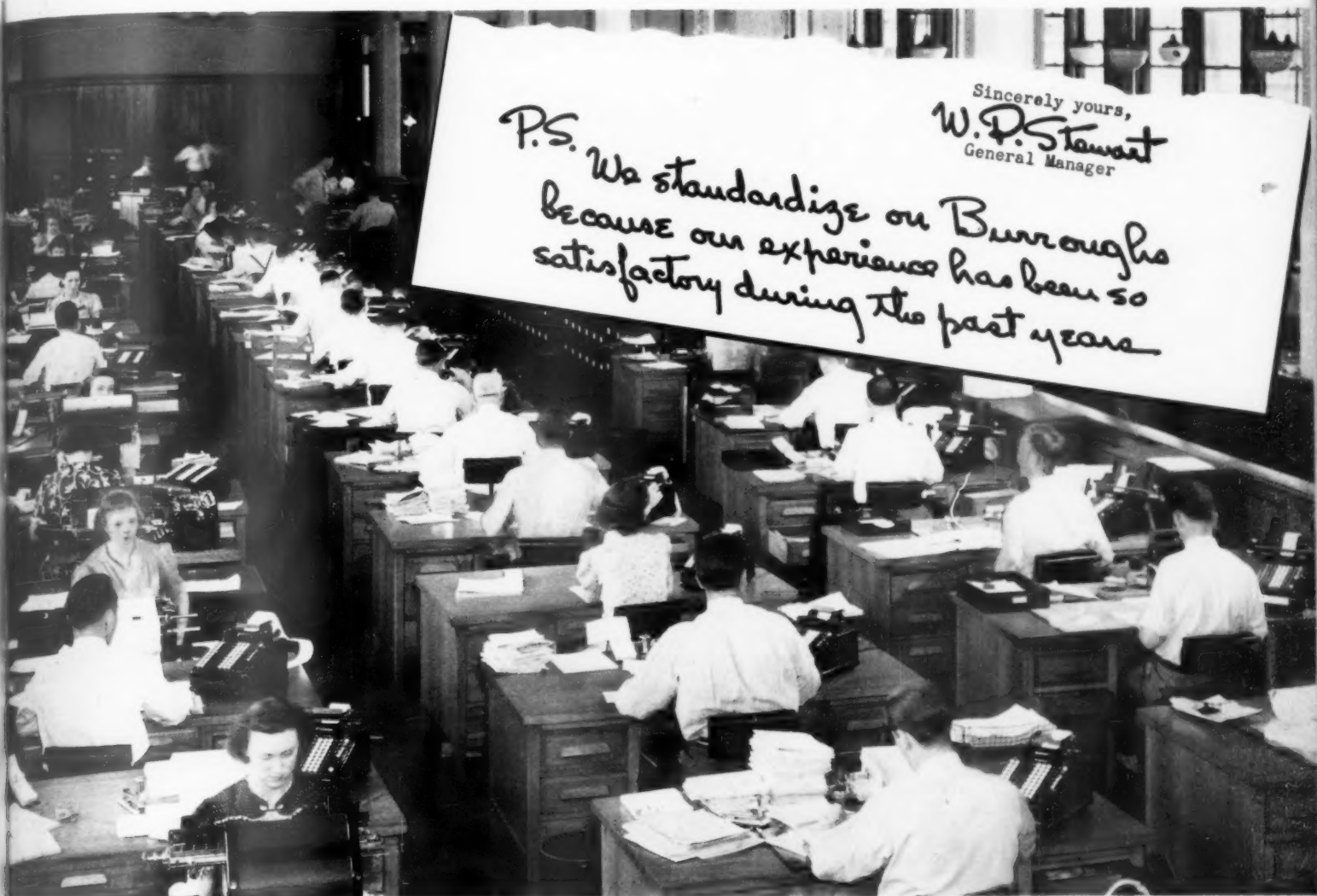
On this basis, a group of men were chosen and trained as instructors, and a number of public trade schools equipped and opened in New York, Pittsburgh, Chicago, St. Louis, Kansas City, Los

(Continued on page 86)

**HELP
WANTED!
SKILLED
MECHANICS**
HIGH WAGES
STEADY
EMPLOYMENT
—INDUSTRY



Only a P.S.



This postscript summarizes the thinking of thousands of Burroughs users.

Experience has taught users the certainty of satisfaction, long life and maximum return on their investment in Burroughs equipment.

Experience has proved the availability and competence of Burroughs factory-trained, factory-controlled service in safeguarding their equipment against costly interruption.

Experience also prompts users to depend upon Burroughs research engineers for a

steady flow of new machines, new features and new developments for keeping pace with changing office requirements.

Your local Burroughs representative, backed by a full line of thoroughly modern Burroughs machines and features, is experienced in recommending exactly the right equipment for any figuring, accounting, cash handling or forms-writing job. Why not call him today?

BURROUGHS ADDING MACHINE COMPANY
6106 SECOND BLVD., DETROIT, MICHIGAN

Today's Burroughs

DOES THE WORK IN LESS TIME—WITH LESS EFFORT—AT LESS COST

You Pay Before You Play

By TOM MURRAY

SOME 100,000 workers have jobs because the coin operated phonograph has captured the fancy of Americans who daily drop five million nickels in slots to hear the music come out



Production methods are as streamlined as the modern machines turned out and producers have found the boxes a fine way to "plug" new songs or talent



KAISER & MUELLER

A STORY is told about an intoxicated fellow who dropped a nickel in the slot of a parking meter and then complained to a policeman that the darn thing wouldn't play.

Coin-operated phonographs are so numerous these days that the drunk no doubt figured that a coin dropped in any slot would bring forth music.

Five million nickels are dropped into the slots of 250,000 of these phonographs in the United States every 24 hours. A daily business of \$250,000 keeps five major automatic phonograph factories turning out some 100,000 new

machines annually and demands the services of approximately 100,000 representatives, distributors, jobbers, operators and service men. And the business is said to be in its infancy.

It all started when prohibition was repealed. Thousands of taverns and cafés came into existence and each demanded music—music that would be profitable for the owner. The coin-operated phonograph was the answer. Overnight, a new industry was born. Today new taverns sometimes arrange for placement of machines before they buy the coffee pot.

No doubt New York state has more coin-operated phonographs than any other. California jitterbugs have more than 20,000 machines at their disposal, while Texas provides the same number.

For a while the phonographs were placed only in taverns and cafés; however, it has been discovered that bus stations, beauty parlors, airport waiting rooms, rest rooms, hotel lobbies, passenger liners and excursion boats are also profitable locations.

The business out in the territory is handled by men and women known as "operators" who buy the machines from state distributors or local jobbers and place them in the various locations on a commission basis, usually 50 per cent of the "take." The operator holds the keys to the machine's cash-box and settles with the location owner when checking the receipts; which is usually done every 48 hours. If the spot is a "hot" one, receipts are checked daily.

Seldom is one of the phonographs sold outright to the location owner. It would not be profitable for him to buy his own machines because of the ex-

The 3 Choices of Mr. X

An explanation of
one of the most important provisions
in your life insurance policy



A NUMBER OF YEARS AGO, Mr. X bought a life insurance policy from Metropolitan.

Recently, Mr. X and his wife reviewed his policy. They wanted to refresh their memory concerning the benefits they would receive if, for some unforeseen reason, Mr. X should decide not to maintain his policy in force any longer.

They knew, of course, that from their premium payments a "cash value" had been built up in Mr. X's policy. Usually such a cash value is available after the second or third year the policy has been in force—except in the case of Term policies.

Mr. X and his wife found that if premium payments were discontinued, he would have three choices—three ways in which he might take advantage of his cash value...

self unable to keep on paying his premiums—but still wished insurance protection.



In that case, Mr. X would find that he could get fully paid-up insurance for whatever amount his cash value, used in this way, would provide. He would need to pay no further premiums.

On the other hand, Mr. X might feel that he had need of greater protection for the immediate future than this choice offers him. In that case, he would have still a third option...



1. Mr. X might elect to take his cash value.

If Mr. X should decide that, because of changed circumstances, he no longer needed the protection afforded by his life insurance, he could, if he wished, take an immediate cash settlement.

If his policy happened to be an Ordinary policy and was five or more years old, he might prefer to have the money paid out under one of the so-called "Optional Modes of Settlement." This would provide him with an income for life or for a certain number of years—the payments to begin immediately, or later in life.

2. Mr. X might elect to retain his present type of insurance, paid-up for a reduced amount.

Let us suppose that Mr. X, for some reason beyond his control, should find him-



3. Mr. X might elect to apply his cash value to provide Paid-Up Term Insurance—which would remain in force for a limited period.

By thus using his cash value, Mr. X could continue as much protection as possible in force, in the form of paid-up Term insurance. This protection would continue in force for as long a period as his cash value, used in this way, would cover.

★ ★ ★

If Mr. X should decide not to maintain his policy in force any longer, could he reinstate it at some future date if he is still insurable? Yes, at any time—providing he had not taken his cash surrender value, or, if he had converted it into Paid-Up Term Insurance, the period of this insurance had not expired.

Mr. X would, of course, have to pay all back premiums with interest. Any loan outstanding against his policy, together with interest, could either be repaid in cash, or be continued against his reinstated policy.

The case of Mr. X indicates the care that is taken in writing your policy, to make certain that you will be protected if you find you are unable to continue your present insurance policy in force.

But, obviously, only the person who keeps his life insurance in force until its maturity, can be sure of achieving the full benefits for which he planned when he purchased his policy.

Because all the provisions in your policy are vitally important—not only to you but to those for whose benefit you purchased the insurance—it will be well worth your while to take the time to read your policy carefully, if you have not done so recently.

COPYRIGHT 1940 — METROPOLITAN LIFE INSURANCE CO.

This is Number 26 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. In Canada the privileges outlined in this advertisement must be exercised in conformance with the laws concerning the rights of beneficiaries in the various Provinces. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company
(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln,
PRESIDENT



1 MADISON AVENUE, NEW YORK, N. Y.

Plan to visit the Metropolitan's exhibits at the
New York World's Fair and at the
Golden Gate International Exposition
in San Francisco.

pense of buying records and keeping the box in repair.

These operators must employ capable mechanics and electrical engineers, because coin-in-the-slot wall boxes and auxiliary speakers must be installed in many of the larger locations. Some spots have as many as 50 additional coin slots in which customers may drop their nickels and select their tunes which are played on a single phonograph. These wall boxes and additional speakers have sometimes doubled the receipts of a phonograph.

Every location is checked closely and, unless the machine shows a fair earning record, it is moved to greener pastures.

One Texas operating company has 25 large motor trucks to move its machines around its territory.

There are today in the United States approximately 12,000 operators each servicing from ten to 2,000 machines. It is figured that one service man can check the receipts and keep 50 machines working. A few experts can handle 75 units. J. P. Blackwell, Denver, Colorado, one of the largest western operators, has 1,800 machines on location. In the east, one of the leading music phonograph operators is the Modern Vending Company, which operates some 2,000 units. Down in Texas a little ranch girl named Jimmy Jones operates 50 machines and says it beats cattle raising by a mile so far as real profits are concerned. A beauty shop operator in Kansas closed her shop and

started operating 25 machines. Now she is adding to her route.

A grocer in a mid-western town, after losing his business in a fire, started in the phonograph operating business with five used machines. Today he is counting nickels from 600 late model boxes and employs 12 persons. In a northwestern city a widow operates 300 phonographs that keep her four children in school.

Old-timers in the business

GEORGE MAPLES, a pioneer operator of Montana, is, no doubt, the first coin-operated phonograph operator of the west. He operated an old cylinder type Edison back in 1890 when the customers had to use ear tubes to hear the music. From one to five persons then could listen at a time.

Phonographs were among the first devices ever made to operate by putting a coin in a slot. However, their real popularity started some five years ago. Three years ago when they were made streamlined and took on bright lighting effects, business jumped again.

In the East, the pioneer is M. A. Melvin of Bangor, Maine, who at the age of 78 is still operating phonographs after 61 years in the business.

A few years ago the operating of phonographs was competitive business. Higher commissions and other inducements were offered the location owner to persuade him to move one operator out and let another in. The procedure

was called "bumping." In some cases, if the spot was an extra good one, the location owner could demand a large cash bonus from the operator for permission to install the equipment. However, through the influence of associations of music operators, such tactics are infrequent now.

Some operators establish their own taverns, café and night spots to create locations for their phonographs and many of the jobbers are also operators; however, the exclusive operators frown on this practice. They figure that the fellow who sells them the machines should not be an operating competitor.

The average automatic phonograph costs the operator \$375. They are sold on time payment plans and the life of a unit is about two years. They are usually traded in on newer models after one year. The operator sells his old records to the public at ten cents each. They cost him 21 cents.

The idea of putting advertising lines on the records has been frequently discussed but has thus far been defeated. Promoters still have their eye on the idea, however. They can see the advertising possibilities of the huge phonograph audience.

The major manufacturers introduce their new models each year at the annual National Coin-Operated Machine Convention which runs for four days in Chicago and draws some 8,000 phonograph distributors, jobbers and operators.

(Continued on page 110)



Although the first machines were placed in cafés and taverns, beauty parlors, waiting rooms, hotel lobbies and excursion boats have proved to be lucrative locations

CAMERA CRAFT STUDIOS

*We're getting figures faster,
with fewer errors, with the*

MODEL K ELECTRIC COMPTOMETER



It's impossible to "laugh off" the fact that increasing numbers of progressive concerns—large and small—are finding the solution to their figure-work problems in the Comptometer, and modern Comptometer methods.

To understand the full meaning of "Comptometer Economy," you have only to realize that the Comptometer combines *remarkable speed* with Controlled-Key *accuracy** . . . and that Comptometer *methods* simplify figure-work routine.

Both the Model K Electric Comptometer (illustrated below) and the new Cushioned-Touch Model M are popular with operators for their light, balanced key-stroke—a factor that helps reduce fatigue to a minimum and keep operator-efficiency at a high level.

May we demonstrate "Comptometer Economy" in your office, on your own work? Telephone your local Comptometer office—or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.



COMPTOMETER
REG. U. S. PAT. OFF.



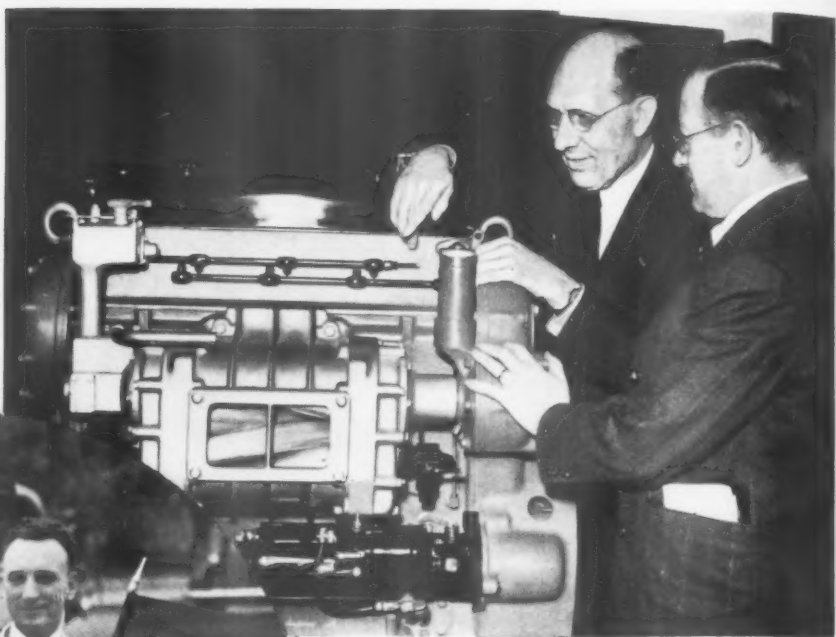
*STOP!

Fumbled, imperfect key-strokes—source of many errors in ordinary adding-calculating machines—are "stopped dead" by the Comptometer's exclusive Controlled-Key. This and other exclusive safeguards help maintain Comptometer's remarkable first-time accuracy.



Herbert Morley

Leaders in the March of Business



R. K. Evans (front) with C. F. Kettering



James T. Buckley (left)

R. K. EVANS, vice president of General Motors in charge of Diesel development, who announced completion of tests on a new Diesel locomotive applicable to every kind of freight service. Formerly Diesel power had been used only for passenger and switching engines, but Mr. Evans says the new engine will be able to handle the heaviest kind of duty and make possible the complete Dieselization of railroads.

Herbert Morley, new plant manager for the Norge Division, Borg-Warner Corporation in Detroit. He joined the company in 1923 and participated in production of the first "run" of 110 Norge refrigerators, all of which are still in service. Introduced a new system of process control and inspection in 1938 which improved quality and uniformity of product. New duties include supervision over aircraft parts, compressors, gears and transmission parts for automobiles.

James T. Buckley, president of Philco Corporation, whose company's stock has been privately owned for 42 years, announced that the corporation will allow the public to purchase its securities for the first time in the company's history. Since 1931 it has led the field in number of radios sold and in 1939 broke all previous records. Two years ago Philco added refrigerators and portable air conditioners to its line.

D. S. Eddins, Plymouth motor car president, received for the second straight year the 1940 Trophy for safest auto design in a contest conducted by the Greater New York Safety Council. In checking with respect to 12 essential safety requirements, experts found only one capable of further improvement.

Walter D. Fuller, president of Curtis Publishing Company, was cited by fellow directors of the Pennsylvania State Chamber of Commerce for his tireless effort and leadership in directing Pennsylvania's job mobilization drive in which 50,000 jobs were developed during a five-months' campaign.



D. S. Eddins (center)



Walter D. Fuller

Build America!



EACH YEAR representatives of 750,000 business men gather in Washington for the annual meeting of the Chamber of Commerce of the United States. There they pool their experience and knowledge in an effort to analyse the present position and map a program for future guidance. In this supplement, **NATION'S BUSINESS** has attempted to catch the spirit of this year's meeting—the twenty-eighth—to report the views expressed and to point out what, in the opinion of these representative business men, is needed for a greater America



THE new President of the Chamber, JAMES SCOTT KEMPER, accepts the congratulations of W. GIBSON CAREY, JR., who preceded him in the office. Mr. Kemper, who started his business career at the age of 17 with a Van Wert, Ohio, insurance company, is now president of the Lumbermens Mutual Casualty Company and of the American Motorists' Insurance Company.

In addition to his regular business and his long service with the U. S. Chamber, Mr. Kemper has taken a leading part in many varied enterprises, including the Greater Chi-

cago Safety Council; the National Industrial Conference Board; the Chicago Association of Commerce; the City National Bank and Trust Company, Chicago; the Y.M.C.A.; the Presbyterian Theological Seminary; Olivet Institute; Wesley Memorial Hospital; Northwestern University; and the Community Fund of Chicago. His welfare work in behalf of his several thousand employees has attracted wide and favorable comment.

Mr. Carey, shown here on the right, is President of the Yale & Towne Manufacturing Company. He was not a candidate for reelection.

Build America!

"The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus create, whatever the form of government, a real despotism. A just estimate of that love of power, and proneness to abuse it, which predominates in the human heart, is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the

exercise of political power, by dividing and distributing it into different depositories, and constituting each the Guardian of the Public Weal, against invasions by others, has been evinced by experiments, ancient and modern; some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them."

—Washington's Farewell Address

By **WILLIAM FEATHER**

RICH, GOLDEN sunshine poured down on Washington the day the annual meeting opened.

Washington in spring is something for an American to be proud of. Traffic and pedestrians move leisurely. The air is smokeless. Trees are everywhere. I missed the early cherry blossoms, but saw the later double blooms.

Women predominate in the population, and they're well dressed. I was told there are five women to two men. Both sexes come to Washington from every state, and consequently you hear all accents known to America and some mixtures that exist nowhere else in the world.

When the public buildings and apartments were built, they forgot about garages, with the result that half the cars in the District are never under cover. Day and night the streets are lined with parked cars. There's a housing shortage and building is booming. The abundant life may not have percolated to every hamlet and farm of the Union but, so far as public money can help to make a city beautiful, its expenditure has not been spared in Washington. The city is a children's paradise, with playgrounds and parks in nearly every block. And the sea food is something to make an outlander want to be a Congressman.

The general sessions of the meeting were held in the council chamber of the beautiful and imposing stone building at Connecticut Avenue and H Street, erected by the Chamber of Commerce of the United States in 1922 on the site of the home of Daniel Webster. It is as gleaming white today as when it was built. The meeting room seats a thousand. Adjoining it is an open court where, on the opening day, buffet lunch was served.

Carved in the walls of the patio are these words written by Daniel Webster:

Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its great interests, and see whether we also, in our day and generation, may not perform something worthy to be remembered.

This exhortation was the keynote of the meeting. It appeared on programs and dinner menus. Also conspicuously displayed in the

NATION'S BUSINESS for June, 1940

A precept for business

How as men of business may we make our greatest contribution? My deep belief is that we must study to be right in all of our viewpoints and policies, after which we must stand four-square and firm. True leadership does not equivocate. It rather teaches, exhorts and shows the way both by precept and example.

—W. Gibson Carey, Jr., Former President, Chamber of Commerce of the U. S.



John W. O'Leary (right) Chairman, Chamber Executive Committee, and Joseph P. Healy, with Swift and Co. in Baltimore, halt a conversation to watch the photographer.



Eric A. Johnston of Spokane, president of Brown-Johnston Co., electrical supply manufacturers, and **Julius Barnes** (right) former head of U. S. Chamber, now a Great Lakes ship operator, are typical of the younger and older executives whose initiative "Builds America."

In praise of criticism

Naturally, we are attacked by political forces because we do not agree with some of the proposed panaceas. That we must expect, so long as we interfere with the objectives of those negative forces which are trying to break down our traditions. When we fail of being attacked or criticized by these forces, we must need watch our step for fear that we are not doing our full part in protecting the business system which has made this nation great.

—John W. O'Leary, Chairman,
Executive Committee, Chamber of
Commerce of the United States

hall where the general sessions of the meeting were held was the Chamber's well known slogan:

If you work for a living
You're in business
What helps business helps you

The Chamber of Commerce of the United States came into existence in a peculiar and interesting way. In a debate on the floor of the Senate Chamber, a Senator in Washington in 1911 said:

I received, this morning, a telegram from the chamber of commerce in my city urging me to vote against the bill now before us, saying it would work a great hardship to the commerce of my state. This afternoon a telegram came from an association of business men in another part of the state, urging me to vote for the bill, declaring it would greatly benefit our state and region.

"What," inquired the perplexed statesman, "does business think?"

To answer this question, President Taft and Secretary of Commerce and Labor Nagel, in 1912, invited business men and representatives of their organizations to come to Washington and work out a plan by which government could get advice and counsel of the business nation through a clearing house of business opinion.

Champion of business men

THAT'S the origin of the Chamber. It is a federation—not an association—of business organizations, 1,640 in all, with an underlying membership of 750,000. It is distinctive because it is formed for and equipped to coordinate the views and actions of all types of business, in every section, and to present and interpret those views to the agencies of government and the public.

The Chamber, for the information of those who do not know, represents no special segment of business, but all forms of American business endeavor, large and small, wherever situated.

Business men, of course, are individualists. Individualism is the essence of their success, if they are successful. No two men, even in identical lines of industry or trade, conduct their affairs exactly alike, think alike, or necessarily vote alike. Except in a few fundamentals, they more likely disagree than agree.

What they do agree on is more important than what they disagree on, and if the reader is patient I will explain why this is so. One of the funny things is that some business men are in favor of nearly everything the New Deal has done, while others are against everything, or nearly everything, the New Deal has done. And those in favor are just as good business men as those opposed.

By the nature of things, there can't be perfect unanimity of opinion on all things among business men or business organizations. If there were or could be, the condition would be dangerous.

Two men, with the common destination of New York City, often disagree on the best highway route from Cleveland, Washington, or Pittsburgh. One prefers the scenic, the other the short route. The important item, however, is that both want to get to New York.

If they are traveling together, they frequently compromise, driving the scenic highway part way and the super-highway part way.

This disagreement among business men, even when their goal is identical, is a source of high glee among politicians because there never was a proposal, however cockeyed, to which some business man would not subscribe. Hence an incumbent or a candidate for political office can always find someone who can be classified as a business man, who will endorse the Townsend Plan, nationalization of credit, socialization of industry, or whatever is being advocated at the moment.

There's no news in the fact that a thousand bankers think alike, but it's news if one banker—even though hitherto obscure—favors loans up to \$5,000 without interest.

Irresponsible business groups and balmy business men daily throughout the year undertake to speak of business, and the public obviously is confused.

The public, cued by the politicians, asks:

What does business think anyway?

Another source of trouble, so far as business leadership goes, is the human failing, from which business men are not exempt, to reach for their share of the pork when the platter is passed around. If the federal Government is offering to build a dam in a western city at no direct cost to the local taxpayers, it would be asking too much even of the local chamber of commerce to refuse the money, particularly when a general appropriation by Congress had already been made.

The business men of the nation, including the local chamber of commerce, might have opposed the appropriation in the first place but, the money having been set aside for expenditure, each locality, often under the leadership of its chamber, goes out to get its share. That's only human. The point to remember, however, is that the billions for which so many are clamoring today were appropriated over the protest of those who want a balanced budget and reasonable taxation.

Where business men agree

BUT WITH all their human weaknesses and failings, business men unanimously agree on some things.

Sixteen years ago, the Chamber of Commerce of the United States, through a committee on business ethics of which Judge Edwin B. Parker was chairman, produced a document called Principles of Business Conduct, which I re-read in the course of my visit:

The function of business is to provide for the material needs of mankind, and to increase the wealth of the world and the value and happiness of life. In order to perform its function it must offer a sufficient opportunity for gain to compensate individuals who assume its risks, but the motives which lead individuals to engage in business are not to be confused with the function of business itself. When business enterprise is successfully carried on with constant and efficient endeavor to reduce the costs of production and distribution, to improve the quality of its products, and to give fair treatment to customers,



Fred A. Irish, a banker from Fargo, N. D., has done business with farmers all his life—knows their needs and their aspirations.

Build with freedom!

This is still a nation of liberty-loving, God-fearing, self-reliant and self-respecting people. The opportunity that this nation has afforded for the free exercise of courageous, persevering, industrious, and resourceful individual effort has established its political, social and industrial greatness. No new prophet can deify this, or any other, nation without making the Citizen ignoble. To Build America—first preserve its free American institutions!

—George Alfred Hill, Jr., President,
Houston Oil Company of Texas



Lewis Douglas, president New York Mutual Life Insurance Co. (center) and Harper Sibley, former Chamber president, hear views of Labor Secretary Frances Perkins, one of the governmental officials at annual dinner

I. N. Tate, vice president Weyerhaeuser Sales Company, was chairman of Resolutions Committee



Pres. Carey (left) and Eliot Wadsworth (right), chairman, American Comm., International Chamber, with former Belgian Premier Van Zeeland who said Americans never accepted the thought of despair

Jesse Jones (left), head of Government's lending agencies, and Senator Taft, of Ohio, hear Gen. Dawes criticize government spending



Justice McReynolds (left), one of annual dinner guests, with President-elect Kemper



capital, management, and labor, it renders public service of the highest value.

We believe the expression of principles drawn from these fundamental truths will furnish practical guides for the conduct of business as a whole and for each individual enterprise.

1. **THE FOUNDATION** of business is confidence, which springs from integrity, fair dealing, efficient service, and mutual benefit.
2. **THE REWARD** of business for service rendered is a fair profit plus a safe reserve, commensurate with risks involved and foresight exercised.
3. **EQUITABLE CONSIDERATION** is due in business alike to capital, management, employees, and the public.
4. **KNOWLEDGE**—thorough and specific—and unceasing study of the facts and forces affecting a business enterprise are essential to a lasting individual success and to efficient service to the public.
5. **PERMANENCY** and continuity of service are basic aims of business, that knowledge gained may be fully utilized, confidence established and efficiency increased.
6. **OBLIGATIONS** to itself and society prompt business unceasingly to strive toward continuity of operation, bettering conditions of employment, and increasing the efficiency and opportunities of individual employees.
7. **CONTRACTS** and undertakings, written or oral, are to be performed in letter and in spirit. Changed conditions do not justify their cancellation without mutual consent.
8. **REPRESENTATION** of goods and services should be truthfully made and scrupulously fulfilled.
9. **WASTE** in any form—of capital, labor, services, materials, or natural resources—is intolerable, and constant effort will be made toward its elimination.
10. **EXCESSES** of every nature—inflation of credit, over-expansion, over-buying, over-stimulation of sales—which create artificial conditions and produce crises and depressions, are condemned.
11. **UNFAIR COMPETITION**, embracing all acts characterized by bad faith, deception, fraud, or oppression, including commercial bribery, is wasteful, despicable, and a public wrong. Business will rely for its success on the excellence of its own service.
12. **CONTROVERSIES** will, where possible, be adjusted by voluntary agreement or impartial arbitration.
13. **CORPORATE FORMS** do not absolve from or alter the moral obligations of individuals. Responsibilities will be as courageously and conscientiously discharged by those acting in representative capacities as when acting for themselves.
14. **LAWFUL COOPERATION** among business men and in useful business organizations in support of these principles of business conduct is commended.
15. **BUSINESS** should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence.

These principles are as clear, true, and workable today as when they were written. They are the basis of successful business, under free enterprise. They were signed by thousands of business men in every state, and hang on the walls of their offices. In the practice of business as of religion, few may reach the ideals set up, but the



Thomas S. Hammond, President, Whiting Corp., of Harvey, Ill., once a potent Michigan footballer, served in World War as officer in the field artillery and is now a general in Reserve Corps. He was director of the reemployment program under N.R.A. and recently president of the Illinois Manufacturers' Association.

We are the Government

We have come in the past eight years, to view "Government" as a separate entity, distinct and apart from the people. That, I submit to you, is un-American. That is not the basic philosophy of the American people. That is not the basis upon which the government of this land of ours was established.

—Raymond E. Baldwin, Governor of Connecticut

Legislation can't do it

In the quest for the path that will lead us out of our present confusion into a well-ordered and balanced economy, which is basic to prosperity, the pitfalls of short-sighted policy, of too much faith in legislation and regimentation, and of too little regard for the fundamental American ideals must be avoided.

—Dr. O. C. Carmichael, Chancellor, Vanderbilt University, Nashville



William Fortune, Former Chairman, Finance Committee of Eli Lilly & Co., is founder of his local and state chambers. Former editor and executive of telephone and insurance organizations, he likes best to be known as "Citizen of Indianapolis, Ind."

Jobs wait on demand

I have never met a business man in my life who is not delighted to take on additional employees whenever the demand for his goods and services makes it possible for him to do so.

—H. W. Prentis, Jr., President, Armstrong Cork Company, Lancaster, Pa.

The power to destroy

The mere fact that rules may be made by the people or by their elected agents does not necessarily provide an assurance of the preservation of the institutions that distinguish a democratic system from others. For one of the cardinal facts disclosed by human experience is that all forms of government and social organization possess, and far too frequently exercise, the power to destroy themselves.

—Lewis W. Douglas, President, The Mutual Life Ins. Co. of N. Y.

aim of business, big and little, is high; and American business, as these principles attest, has a philosophy. Often there are excesses and abuses, but, by and large, the creed is observed and it works.

Each year, as was the case this year, specific resolutions dealing with the current situation, are debated and adopted. These conform to the standards set up by Judge Parker's committee 16 years ago.

I have given more space than I intended to the background of this year's meeting, perhaps the most important ever held.

More attended than in any other year. So many delegates poured into the Union Station the morning I arrived that the redcaps were far outnumbered and I felt I was relieving a tense situation and contributing in no way to unemployment by lugging my bag and portable typewriter to the cab stand, incidentally saving a quarter.

The cabs pulled into the driveway in a continuous stream, but after 12 minutes of waiting I gave up hope of engaging one, so I started off with my impedimenta, looking for a cruiser which I hailed three squares away.

Fare to the Mayflower Hotel was 20 cents, quite a distance, too. Washington has the lowest taxi fares you will find anywhere. I gave the driver a dime tip and after doing this on two more 20-cent rides, I asked the next driver what was considered an adequate tip for a 20-cent ride in Washington. I explained that a 50 per cent tip seemed high and a nickel tip seemed no tip at all. He told me that he was glad to get a nickel and delighted to get a dime. Many people in Washington don't tip at all, he told me.

Independent business men

NOT UNTIL later in the day did I realize that a Washington taxicab driver is an independent business man, and for that reason exempt from all the laws and regulations set up to prevent the exploitation of wage earners.

A Washington cab driver owns or rents his cab. It's a wide open, free, competitive town, so far as cabs are concerned, a driver explained. The driver buys his gasoline. Some buy ethyl, some ordinary, and others mix it, according to their own idea of what gives the most mileage per dollar. Their average outgo is about \$4 a day and their average intake is about \$6, leaving a net of \$2. Some may make more, but my drivers said that was their average. They work 12 hours a day, seven days a week, or 84 hours a week. That's working, or at least it's putting in time. Once one of my drivers made \$15 net in a single stretch of 12 hours. But that happened only once. Once he took in a gross of 60 cents in 12 hours, with a net loss of \$3.40.

These chats with the little business men who drove the cabs gave me some amusement because of the irony of their situation. Like most business men they are working harder today and for longer hours and for less money than they ever did.

I was told that the taxi drivers in Washington have tried to get through legislation in the District to improve their economic position, but that the congressmen like low fares and nothing ever comes of complaints. That condition seems to be general in the District

of Columbia which is run by Congress. In the very center of knowledge about health and sanitation, standards are so low and their enforcement is so lax, that Washington occupies a sorry position among the cities of the nation in the conquest of disease. Laws are made in the Capitol but not observed in the Capital.

While establishing myself at the hotel, I asked several attendants why they stuck to their jobs instead of getting on the Government's pay roll. All gave the same answer. Government jobs were fine but just about impossible for the likes of them to get. They said your politics had to be right before you could get a job. You had to be from the right states, know your congressman or somebody who knew him, or get fixed up in some way, to get any job.

At the first session of the meeting we heard reports by speakers representing six districts of the United States. It was thrilling to note the pride of these men in the richness and self-sufficiency of their territories. It made me realize how vast this country is and how difficult it is to legislate for all, without injuring some.

For example, the man from San Francisco, Russell K. Smith, of the Bank of America, said that the Wages and Hours act affected the Pacific Coast not at all, except to benefit the district, because their standards were already equal or better than those the Government set up. Hence their competitive situation has been improved.

Others, however, Lee R. Girton, of Sioux Falls, and Walter Harnischfeger, of Milwaukee, complained that the regulations are a serious handicap in the economy of their states.

Reporting on conditions in the Southwest, Col. T. H. Barton of El Dorado, Ark., labelled the entire South as one of the nation's last frontiers—its Number One Opportunity, now that it is no longer in subjection to King Cotton.

Porter W. Carswell, a planter of Waynesboro, Ga., told some amusing stories. One was about a Negro who was asked what time he went to work. "Boss," he said, "when I wakes up I'm surrounded by work." Another Negro was asked how he liked the new hours.

"What I want," he replied, "is less work in more hours."

Puts premium on speed

THE MAIN complaint about the hours act is the hardships it puts on people who are constitutionally slow. There are worthy employees who can do their jobs but they need time, and they're perfectly willing to put in time. But they like to take it easy, and maybe take a stroll at three o'clock and drink a Coca-Cola. Then they'll work till six. Lots of elderly men who were doing a satisfactory job for their employers under the old rules are unable to meet the new pace, and may have to be displaced.

Walter D. Fuller, president of the Curtis Publishing Company of Philadelphia, told about the Pennsylvania reemployment plan. He said that his state had created 100,000 new jobs in four months, on a straight good-business basis, and with no appeal to charitable instincts. He also said that there are 25,000 jobs in Pennsylvania for which men are not available, because they have not been trained. He insisted that the nation needs job doctors; that is, men who can

C. of C. takes own medicine

In stressing the responsibility of its members for active support of economy programs, instead of mere lip service to demands for retrenchment, the United States Chamber of Commerce is setting a worthy example for other organized groups to follow.

—Washington Post

They just won't work

It seems rather paradoxical to say that, with millions unemployed, we are actually short of labor in our cotton fields. We have been driven to use more and more machinery, not because of our desire to do so, but because it is virtually impossible to secure the necessary labor to produce our crops otherwise. This in turn is part of a vicious circle which removes more jobs that would otherwise be available. We are all wondering how business can absorb surplus laborers when they are absorbed in their thoughts while leaning on shovels and drawing taxpayers' money.

—Porter W. Carswell, President, Waynesboro Chamber of Commerce, Waynesboro, Ga.



Walter Harnischfeger, President, Harnischfeger Corp.: "There is a wide-spread belief among business leaders that taxes have reached the saturation point. Reduction in government waste and expenses is paramount to bring about a sustained prosperity."

Skilled labor disappearing

We are rather dubious as to the supply of skilled labor in the future, because the present attitude and the present standing and the present conditions under which we employ our labor do not seem to be building skilled labor to take the place of the present generation.

—Lee R. Girton, Pres., Girton-Adams Ice Company, Sioux Falls, S. D.

Why money is idle

The uncertainty of war conditions and the uncertainties of the political situation, or, I might say, the uncertainties of political philosophy are the hindrances which cause a hesitation to the following out of plans of expansion or of modern savings.

—Russell K. Smith, Executive Vice Pres., Bank of America, San Francisco

There's only one way

Efforts to develop jobs by emotion have failed. Also, it is not a matter of "appeals" and "conferences." But jobs do come from increased business.

—Walter D. Fuller, President, Curtis Publishing Company, Philadelphia

States have rights—and duties

The welfare of any union of states rests upon the sacredness of those states' rights. Don't misunderstand—states' rights also carry with them responsibility and obligations which must not be disregarded—and will not be.

—Col. T. H. Barton, President, Lion Oil Refining Company, El Dorado, Ark.

Thumbs down on war

If you have a son, a husband or any other dear one within the draft age, undoubtedly you will subscribe 100 per cent to the plan of the Chamber of Commerce of the United States to keep this country out of the world wars.

—Philadelphia Public Ledger.

recognize a good idea in one place and transplant the seed or root of this idea in another place.

Businesses, based on new ideas, spring up and prosper in one city or state and sometimes years go by before they are established in other states. Since Mr. Fuller's committee began its work last November, funds required for public assistance have been reduced \$100,000 a week.

I talked to several men while we were eating lunch in the open court. They were a lean lot at this gathering. Today's business man doesn't run to bulk. And that reminds me to make the observation that the American public, and the politicians of the republic, ought to get it into their heads that business men can't be hired for a dime a dozen. Everybody recognizes that there's something rare about Jack Benny, Joe Di Maggio, Shirley Temple, Leopold Sto-



Edward J. Noble (left) and Earl Constantine

Outstanding Achievements

THE DOUGLAS Fir Plywood Association won the annual American Trade Association Executives award for the year's most outstanding trade association achievement. In a comparatively new industry, this Association has carried on extensive research and promotional activities that have helped increase sales from approximately 300,000,000 square feet in 1930 to almost 1,000,000,000 in 1939. Philip Garland, president of the Association, accepted the award.

Edward J. Noble, Under Secretary of Commerce, presented the awards at the Trade Association semi-annual meeting which was held in Washington April 29 and was presided over by Earl Constantine, president, the National Association of Hosiery Manufacturers.

Associations receiving honorable mention were: Anthracite Industries, Inc.; Association of American Railroads; Durene Association of America; Institute of American Meat Packers; Institute of Distribution; National Association of Broadcasters; National Association of Retail Grocers; National Retail Lumber Dealers Association.

kowski, Ernest Hemingway, and Katharine Cornell, but the assumption, particularly in Washington, is that if all the business men were liquidated today a new bunch could be found to take their places tomorrow.

It wouldn't work out that way. Business men are a peculiar type. Only now and then do you find a man who is willing and competent to assume the burden of directing the energies of other people and take on the responsibility of continuing their employment. Most of the human race would just as soon let George do it. Employees sometimes envy their boss's income, but when times are hard they don't want to share any more of his troubles than they have to.

What this country needs is 100,000 men who have the will to set up in business for themselves, employing a dozen or more men each. If, out of the lot, half a dozen Henry Fords and Walter Chryslers and Alfred Sloans should emerge, we'd soon be on the way to a new and higher standard of living.

What is wrong with American business today, as I gathered from the men who came to Washington for this convention, is that they can no longer afford to take a chance.

One thing is everlastingly true of business, and that is that business—under free enterprise—is speculation; that is, the kind of speculation President Hadley of Yale had in mind when he said that America would cease to grow when it could no longer afford to speculate. When American business can no longer take risks, we will settle down to a sterile existence.

The cards are stacked today

IT'S HEADS I win, tails you lose, as things are set up today. The United States Government takes your gains—both income and appreciation of capital—and lets you swallow your losses and lick your sores if you lose. If you've got some money in the bank, why risk it? If you make a gain, a large slice goes out in taxes. If you lose, you have robbed your family, and at home, believe me, they think it is robbery when papa confesses that the money mama helped him save is gone.

Nobody is taking chances today; that is, nobody is speculating with his own money. It doesn't pay. Inventors don't find backers as they once did. Machinery makers don't find buyers as they once did. Little businesses are ceasing to exist. Larger businesses are shrinking. Big businesses, operating with the money of many stockholders, are keeping up a brave front but are as jittery as anybody.

What gets the goat of these fellows is that the Government squeezes out the profits of enterprise and risk and then uses this money to set up new laws, regulations, and rules, further to hamper, impede, and harass the fellows. I hope you follow me. A million new government agents are put to work to enforce new laws and the victims of these new laws are the fellows who are paying the salaries. And for what? No new jobs are being created. The nation's income decreases. The little man is liquidated. New enterprise stagnates. Everybody gets poorer. Nobody gets richer.

I talked to dozens of business men, not the presidents of vast



Guy Gundaker, (left), of Kugler's Restaurants, Philadelphia, talks with a raw materials supplier, **C. J. Abbott**, who raises cattle near Hyannis, Neb.

Laws against recovery

It is my firm belief that, if Congress had a clear picture of the true situation and the extent of the deterrents to business recovery involved in the regulation of new financing, it would cure the difficulties with appropriate amendments.

—Emmett F. Connely, President, Investment Bankers Association of America, Detroit

Round and round

Does the constant increase in cost of government, to be borne not only by ourselves but by our children unto the third and fourth generations, stimulate men to plan increased production with the certainty that government will take more and more away from them?

—S. Wells Utley, President and General Manager, Detroit Steel Castings Company



R. T. Bowman (left), pres. New Jersey Chamber, with A. W. Hawkes, pres. Congoleum-Nairn, Inc., and authority on labor relations led the Jersey delegation

W. C. Mullendore (left), of Southern California Edison Co., and H. W. Prentis, Jr., pres. Armstrong Cork Company



Jesse A. Bloch, Wheeling, W. Va., tobacco merchant and banker, former state senator



Clifford Anderson (left), secretary of the Norton Company in Worcester, Mass., and George West, pres. First Federal Savings and Loan Ass'n, Atlanta, Ga., listen to Mr. Prentis appeal for the right of a man to conduct his own business



Philip Fay (right), of San Francisco, chairman of Chamber's Nat'l Defense Comm., gets pointers from Gen. Geo. C. Marshall (center), U.S.A. Chief of Staff, and Gen. Geo. V. Strong, Chief War Plans Division

corporate enterprises, but men of modest means. It is a fallacy, cultivated by Washington statesmen, that the United States Chamber of Commerce is the mouthpiece of big business, with little business pushed aside or unrepresented. The Chamber represents and speaks for 750,000 business men and represents every kind of trade and commercial association, from retailer to the biggest insurance company in the world.

The wonder of the day, they said, is how any business man with as few as ten employees can conduct his enterprise and observe all the governmental regulations. The bookkeeping involved in social security, unemployment insurance, income taxes, and state sales taxes is driving small business men to drink and bingo. They don't know where they are but they know the Government is after them. Government auditors and inspectors occupy more of their time than they can give to customers. When they aren't making out government reports, signing reports, and finding the money to pay the taxes due, they're explaining why they did thus and so to an auditor.

Women would rebel

THAT ISN'T business under any definition of business ever uttered. No farmer or woman would stand for it; hence farmers and household employees are exempted from these stupid regulatory laws. Unless he came with a government check, good for money at the bank, a farmer would go after an auditor with a pitchfork and a woman with a broom.

Business is the biggest thing in the United States.

Big as the Chamber of Commerce of the United States is, it is not as big as business and it is not the voice of all business.

Because business is the muscle and bone of America. It is America. Business doesn't stand on one platform and speak with one voice.

Hence there is no platform and there are no words that can express accurately what is in the minds of all the business men of America today.

Yet this much can be said, with accuracy. The business men of this country today and at this moment are worried, discouraged, and perplexed because even the near future is a blur. Not because of war in Europe and the upset state of international relations, dreadful as the scene is in that quarter.

Business cannot see what lies ahead at home, within our own boundaries. Many of the fundamental precepts that guided men in private enterprise and led to our enviable prosperity, the greatest in the history of the world, are in the discard. These principles are ridiculed, thrift is mocked, solvency is sneered at, waste is encouraged, efficiency is viewed with alarm.

That is why the men who came to the annual meeting this year were a solemn lot.

The officers, delegates, and members assembled here, not to hear a program of condemnation of the Government, but to hear what could be done to build America and to determine what kind of progress lies ahead and what the new frontiers may be.

Although officers and committees can make programs, they can't

Achilles has a weak heel

Every word of it (the Chamber's declaration on financial preparedness for war) is true. Most unfortunately and completely to its discredit, the federal Administration . . . has largely ignored that phase of defense for as long as it has been in office. It seems completely without concern for it now, except in the matter of covering up the situation.

—New Haven Register

Capitalism must serve

Capitalism is a regime of movement. It is incompatible with stagnation; it would die from it! This is its nobility and the very condition of its existence; to live, capitalism must go on producing, creating new markets, increasing useful wealth, raising the standard of living of the masses. Between the essentials of capitalism and the interest of the masses, not only is there no opposition, but a complete, necessary and total liaison.

—Dr. Paul van Zeeland,
Former Prime Minister of Belgium



John W. Holden of Lynn and Boston, Mass., who has attended every Chamber meeting since 1916.

The world's need

We must work for the renaissance of a liberal world.

—George E. Quisenberry, Vice President, Business Publishers International Corp., New York

Causes of unemployment

Our existing unemployment is the result of many causes, among the more obvious of which are excessive taxation and regulation, ill-advised governmental policies, maladjustment of the economic machinery, international disturbance which upsets our equilibrium, discouragement of initiative, and uncertainty of outlook.

—W. C. Mullendore, Executive Vice President, Southern California Edison Company, Los Angeles



Silas H. Strawn, Winston, Strawn and Shaw, served as discussion leader at the luncheon forum, "The Challenge of New Frontiers," heard S. Wells Utley, President, Detroit Steel Castings Co., declare; "Too many have come to believe that any idea of foreign origin is necessarily better than one which comes from home."

stop questions and private conversations. What was off the record at the Washington meeting was of as much interest to me as the scheduled addresses.

What infuriates the business man, big, little, successful and unsuccessful, is the taunt that he is responsible for the nation's ills and that, if he can't correct them, he ought to turn the job over to someone else. Who, for instance?

Unemployment is cited as our worst evil and source of our other troubles. The business man is told that he ought to find jobs for the jobless, of whom some say there are 10,000,000 and others say 2,000,000. Nobody undertakes to define an unemployed person. Actually only 45,000,000 people in the United States are gainfully employed, or ever were. Of the rest, the majority are housewives, children, aged, sick, crippled, insane, unemployable, or constitutionally allergic to employment.

At any hour or any day or any year since 1932, it might be said that there were a million unemployed writers, playwrights, and actors in this nation. None of these "unemployed" ever worked for money in those professions, but in all of them there was a dreamy ambition to write a book, a play, or star in a movie—for money. Publishers and producers can't hire people on the basis of what they would like to do, at wages they would like to get.

Out of such unsound thinking and reasoning has grown the major part of our current difficulties and the greater part of our emergency legislation, with the blame focused on the business man.

Tax collectors speed parting

FOR THE information of those who never heard of me and who wonder why I am writing this report, let me explain that I am a business man, and that I have owned and operated a printing plant in Cleveland, since 1919. Before I left, rather suddenly, for Washington, I told my office staff to bring to my office anything that needed attention. It was my ill luck that the urgent business was my signature on a sheaf of taxation returns. To the U. S. Collector of Internal Revenue went the quarterly check for \$644, for Old Age Pensions, half contributed by me and half by my employees. Then there was a check for \$870.61 to the Bureau of Unemployment Compensation, all coming from me.

The local authorities wanted my signature on my personal property return and the company's return, and the State wanted a signature on the Domestic Franchise tax. To insure that money would be on hand to meet the pay roll in my absence I signed a note for the bank, with the amount blank. All this made me feel like a real-for-sure business man, with the miseries common to other business men.

The speeches at the meeting, so far as my sketchy notes reveal and which follow, were nearly identical in quotable material, because, as a reporter accustomed somewhat to value thought by the degree of applause, I soon found myself writing down for reprint those remarks that evoked the maximum handclappings and whistling, and when my notes were sorted I found that I had put down the same sentiment many times.



Barney J. Houston, Cincinnati fire chief; Harry J. Wernke, Commissioner and Col. Frank D. Layton

Cincinnati Wins Fire Waste Award

FOR 17 years the Chamber has been encouraging fire-prevention by sponsoring the Inter-Chamber Fire Waste Contest. In the 1939 contest more than 295 cities, representing about 50 per cent of the urban population, participated.

Col. Frank D. Layton, president of the National Fire Insurance Company of Hartford, presided at the presentation of honorary plaques to the following winners:

Grand award of all classes, Cincinnati, which participated in Class II or cities with population of from 250,000 to 500,000. In 1932 Cincinnati won first place in its class and since that time has been either second or third each year.

Other winners: Milwaukee in population group over 500,000; Hartford, Conn., in cities between 100,000 and 250,000; Lakewood, Ohio, 50,000 to 100,000 (12-time winner); Parkersburg, W. Va., 20,000 to 50,000; Ridgewood, N. J., in cities under 20,000.

This made it difficult to introduce variety into my report, but I should like to note a merit in this redundancy, by emphasizing for the tenth or twenty-fifth time that the business men of America, whatever they are worth, and I think they are the salt and savor of this nation, are thinking alike at this moment in history, and that, come good or evil, war or peace, it will be a calamity if they are beaten or harassed to the point that they turn sour.

This turning point, or boiling point, is not too far off; and as one who likes the institutions of the United States of America, I think that we ought, now and hereby, to restore to place of honor, if not of glory, the business man who is usually dead at 60 and whose only burden on the economy of the nation is his widow.

I listened to every word of 29 different talks in four days, and (incidentally) that's more than I want to hear in four days for some time to come.

What a seething debate is in progress throughout the nation!

I saw and heard banker, scientist, college president, insurance executive, retailer, distributor, and manufacturer, all telling of the

True Americans only

We have no place in our national defense for those irresponsible labor leaders who call strikes among our marine laborers, not for attaining legitimate labor objectives, but at the behest of, or in sympathy with, some alien philosophy of totalitarianism or international brotherhood of man.

—William K. Jackson, Vice President and General Counsel, United Fruit Company

The dangerous "ism"

Confidence in America's Future built America's Past. Defeatism is the "ism" most dangerous to America's Future. America's young business men are not defeatists, and are ready for action to follow your counsel, on ways and means to Build America's Future Greater than America's Past.

—Philip C. Ebeling, Past President, United States Junior Chamber of Commerce

Blame some one else

There is a normal human tendency to oversimplify a complex condition and pick out a scapegoat or whipping boy for castigation in a Roman holiday, or in some cases, a conscious effort to produce a smoke screen designed to hide something else.

—Frank B. Jewett, President, Bell Telephone Laboratories, Richmond, Va.

Dawes speech echoes

General Dawes not only thinks the budget ought to be balanced; he knows how to balance it. He has just shown how it can be done, in a speech to the United States Chamber of Commerce.

—Chicago Daily News

Placing the responsibility for the present "chaotic" state of affairs squarely on the shoulders of the President, General Dawes charged that the nation's finances got out of hand when Mr. Roosevelt abandoned the federal budgetary coordinating service in an order issued on June 10, 1933.

—New York Herald Tribune



Lee J. Dougherty, Vice President, Occidental Life Insurance Co., Davenport, Iowa, and **Clay Williams** (right), Carolina cigarette maker. Will Mr. Dougherty have a cigarette?

Free business will mean jobs

As we release the present restrictions on business, substitute clear laws, applying alike to all men, for the dictates of unrestrained administrative agencies and reinstate good will and cooperation, we shall develop new industry, improve our present products and give to our people, through lower prices, more real purchasing power. Then we may once again have good jobs for all those who want to work.

—W. Gibson Carey, Jr., Former President, Chamber of Commerce of the U. S.

Your money!

The interest on the federal debt alone now exceeds \$2,000 per minute day and night.

—H. W. Prentis, Jr., president, Armstrong Cork Company, Lancaster, Pa.

Insurance comes through

When the records of all classes of financial institutions over ten years of depression are recalled, the insurance industry loses nothing by comparison. The insurance companies during that time have maintained the confidence of the public. This has been done in spite of the spotlight of publicity directed toward their operations.

—Honorable C. A. Gough, Deputy Insurance Commissioner, Trenton

expanding future that they see ahead for the United States if private enterprise is restored.

Every speech, regardless of the subject, included a little and often much of what appears to be on the minds of all the men who came to Washington for the meetings.

Basically, these men are indignant, even angry, about two things.

First they don't like the recurring deficit and the mounting public debt which, they believe, are in large part caused by an ineffective attack on unemployment, experimentation, and restrictive regulations which have mounted so enormously that not even members of Congress know what the law is or who is in charge, or where he is located.

The other thing none of them likes is the assumption that business has reached a state of senility and that our national income is approximately as high as it will ever get; that no new industries will be born; and that no established industries will expand.

Speaker after speaker insisted that existing business wants to employ more people, that capital wants to venture into new enterprises, that young men want to match the careers of their successful fathers; but that the atmosphere created by the entrenched bureaucrats is too stifling for dynamic promotion and endeavor.

Is this America?

ONE SOURCE of indignation that heightens the business man's blood pressure was expressed by W. Gibson Carey, Jr., retiring president of the Chamber, in these words:

What of commissions which investigate, prosecute and judge? Can we be dreaming as we recall the partisanship, the inefficiency and the utterly disgraceful conduct of some of these? Can it be possible that such a group, zealously expanding its function without authority, undertook recently to order the discontinuance of plans for marketing a new development, television? What of government monopoly and government competition with its citizens? What of sneers, threats and attacks for those who opposed because they honestly disagreed? What of punitive taxation? What of production control and of the political use of relief? What of telling citizens how long they may work? And what of so-called pump-priming, which has ruined the pump and brought insinuations that the well has gone dry? This is but half the list, but it is enough.

H. W. Prentis, Jr., president, Armstrong Cork Company, Lancaster, Pa., doubted that the nation will have accurate data on unemployment until the 1940 census has been tabulated. As an example of the mystery of present relief rolls he cited the situation in his home town where 6,000 more persons were on the factory pay rolls in 1938 than in 1929. Yet in 1938 there were 8,000 more people on relief.

Making due allowance for population increase and greater average age, these figures supply a startling object lesson as to what happens in a representative democracy when local affairs are divorced from local control and local taxing power, he said.

Today, he continued, a business man has not only to look after

his immediate job of buying raw materials, manufacturing, selling, and meeting the pay roll, but must also be something of an expert in the field of labor relations, wages and hours, unemployment compensation, old age pensions, sanitary and health measures, safety precautions, workmen's compensation, reciprocal trade treaties, and federal, state and local taxation.

And then he said:

When government ceases to be merely an umpire and with the full strength of its dominating authority steps into the game itself, many a player concludes that his chances to win are diminished, and that a seat on the sidelines is preferable. So private initiative tends to dry up and the well-springs of progress disappear. The spirit of America has been: "I may. I can. I must." It is now rapidly becoming: "May I? Can I? Must I?"

One afternoon the meeting discussed the Challenge of New Frontiers, with four speakers presenting the case for science, invention, education, and business management. They insisted that the opportunities for youth today are immeasurably better than they were 50 years ago.

Frank B. Jewett, president, Bell Telephone Laboratories, entered a vigorous dissent against all the vaporings about man and the human values being victims of the march of science. There is nothing to fear and much to hope from technology. Society has no real challenge to science but science does challenge society, he said.

Harrison E. Howe, editor of *Industrial and Engineering Chemistry*, came to the platform with a handbag packed with new products which have recently emerged from industrial laboratories. He said that research was more potent than legislation in breaking monopoly. These new things that come to the market widen the consumer's choice by giving him something just as good for less money, or something better for no more.

Stability, he observed, is only achieved through change.

Words have lost meanings

WILLIAM Mather Lewis, president, Lafayette College, Easton, Pa., said that educational institutions are alert to their deficiencies, but he told the meeting that parents ought to assume responsibility for the welfare and training of their children instead of pushing so much of it on the schools and colleges. A more normal family life is needed in this country because it is in the home that character is developed. He argued that we ought to take some words out of circulation for a year or two, among them "democracy" which has been tortured out of its true meaning.

S. Wells Utley, president and general manager, Detroit Steel Castings Company, Detroit, reviewed the gloomy prophecies uttered as recently as 50 years ago, and said that half the occupations by which men live today were unknown at that time. He asked that the United States follow its own principles of prosperity and avoid imitating or adopting those of older nations. The social and economic philosophy that may be necessary to an old and worn-down economy is not needed in a younger and more vigorous nation.

America's task

Today in this world crisis, when ill-will is rising so disastrously throughout the world, to us in America may well fall the ultimate task of keeping, not only commercial peace, but international peace through economic channels.

—Franklin E. Parker, Jr., President
American Arbitration Association, New York

To advance well-being

Only in the establishment of sound economic, social, industrial, and political policies in the nation will individual and collective security be achieved, and the national well-being advanced.

—Dr. O. C. Carmichael, Chancellor,
Vanderbilt University, Nashville



Admiral H. R. Stark, Chief of Naval Operations: "Every day, almost, we are given demonstrations that our effective readiness to deter aggression or defend against it must be moral, mental and physical."



Saidie Orr Dunbar, president, General Federation of Women's Clubs, gives consumer viewpoint to Chamber Vice President Clem Johnston



Carlyle Fraser (left), president of Genuine Parts Co. of Atlanta, Ga., gets the latest news on automotive parts from Lothair Teetor, president of the Perfect Circle Piston Ring Co., Hagerstown, Ind.

T. H. McInnerney, president, National Dairy Products, tries to persuade Emmett Connely, president, Investment Bankers, to drink a bottle of milk before speaking



R. L. Blaffer (left), Ch. Humble Oil Co., gives Texas grip to Lew Pierson, New York



Retailers were capably represented by three of their best known operators, R. E. Campbell, Frank Mayfield and Benjamin H. Namm



A delegate asked me to put into this article the observation that economics is not an exact science in the sense that mathematical or physical sciences are exact. It is not like engineering, or chemistry. That is because one factor in every economic equation is human nature. This delegate said that most of the time the American people, in Congress and out, think they are debating economic questions when they are really debating social questions. The huge expense of social reform and uplift is passed on to business, as though it were a legitimate charge on the economic structure. People who are too young, old, crippled, dense, or lazy to work are called "unemployed" whereas they are unemployable. They should be supported on a basis the nation can afford, but they have no right to be attached to the economic system, drawing benefits far out of proportion to any contribution they ever made to economic society.

Dr. T. W. Shultz, of Iowa State College, who discussed agriculture, presented a problem similar to this when he asked the delegates to remember that a farm is a business so microscopic in size that the action of a single farmer cannot have any measurable effect upon national output and prices. The farmer is unable to perceive that he has anything in common with city business people. Since there is always work to do on a farm, he cannot sympathize with the unemployed in industrial centers. Being a very little man, the farmer distrusts big business, big labor groups and big government.

The educational work necessary to overcome this gap in understanding is appalling, Dr. Shultz said, but the job should be faced.

Frank M. Mayfield, president, Scruggs-Vandervoort-Barney Dry Goods Company, St. Louis, who discussed the distributor's job, said that he asked his associates in his independent retail store to name off-hand the articles now having a substantial sale which were unknown in 1930. He was looking for something to offset the "lack-of-frontiers" nonsense and the "mature economy" ghost. A list of dozens could have been assembled, and in a few minutes he had the names of 30, including such obvious and popular items as electric razors, vitamin products, colored film, fluorescent lights.

Fears Subsidized Competition

OF THE consumer movement, Mr. Mayfield said that, as an independent business man, he was willing to take his chances against any chain, or cooperative, or any other device for reducing the cost of distribution, provided the competition was free from any special privileges, such as government favors and subsidies.

He warned, however, that the cost of distribution will always take a relatively large slice of the consumer's dollar.

One of the activities of the employees of the Federal Trade Commission is the examination of enormous numbers of advertisements, to decide whether the advertiser is telling the truth about his goods. Mr. Mayfield said that a recent report shows the Commission has examined:

220,760 Newspaper Ads
643,796 Radio Ads
10,927 Mail Order Ads



James W. Spangler, Vice President, Seattle-First National Bank, presided at the dinner of American Chambers of Commerce Abroad and at the round table discussion on foreign affairs.

Opportunities breed problems

If our agriculture was made up of a Sahara Desert with a few self-sufficient nomads in residence, we would probably not know what it means to have agricultural problems. It is precisely because we possess an agriculture made up of many very valuable and productive assets providing us with unusual opportunities, that we have many large national agricultural problems. Our problems have arisen and will continue to arise because of our opportunities.

—Dr. T. W. Shultz, Professor of Economics and Rural Social Science, Iowa State College of Agriculture & Mechanic Arts, Ames, Iowa

We must produce

I cannot see any hope for real prosperity in this country so long as we curtail production.

—Thomas J. Watson, President, International Business Machines Corp., New York

Auto travel is safer

Automobile accidents, the annual toll of which has been mounting at a disquieting rate, are now beginning to be brought under control in many places. Last year the death rate from such accidents fell below 20 per 100,000 in 42 contest cities.

—Leroy A. Lincoln, Pres.,
Metropolitan Life Ins. Co. of N. Y.

A reward of millions

There is much loose talk going around about the costs of distribution being too high. They are high; but the exploring and conquering of such problems can best be done by individuals working under a system of free enterprise, and a reward of millions awaits the man who can reduce these costs by a fraction of one per cent.

—Frank M. Mayfield, President, Scruggs-Vandervoort-Barney Dry Goods Co., St. Louis

Rebuke to log-rolling

Particularly do business men merit confidence when they have the good sense to point out and discourage the tendency of their own member groups—that is, of state and local business men's organizations—to go out after all sorts of federal projects, bounties and benefits for their particular localities.

—Christian Science Monitor

The women can do it

But let us not blink the fact that there are, on the other hand, some so-called consumers' organizations which are definitely antagonistic in their attitude toward business. Some of these are used as mere "fronts" for other organizations. Other groups do not stop at mere disclosures of weaknesses and mistakes of the free enterprise system. They do not hesitate to exaggerate such shortcomings, ignore the favorable factors and invent accusations which, if they were given credence, might soon undermine the whole competitive system. These enemies of the free enterprise system have placed the entire consumer movement under unjust suspicion. Unless I am greatly mistaken, however, the time is not far distant when consumers themselves will meet this situation and do the kind of "house-cleaning" job for which the women of our country are so justly famous.

—Benjamin H. Namm, The Namm Store, Brooklyn

He said they laid aside, as subject to dishonesty, 56,092 of these, or 6.5 per cent. Further study resulted in 723 investigations, eight-thousandths of one per cent, and 236 actions, or three-thousandths of one per cent.

Mr. Mayfield thought this gave business a pretty fair mark.

What is true here is true in many other phases of recent government activities. It can honestly be said that business has pioneered in establishing all our higher social standards. Whatever business can afford to do, it usually does. The hitch comes when all business is compelled to conform to standards which only the more fortunate businesses can afford.

Charles E. Wilson, president, General Electric Company, New York, said that a better America and better business go hand in hand, and that work and wages are the foundation of everything.



Max W. Babb, president Allis Chalmers, receives award for Milwaukee from Leroy A. Lincoln

Business Helps Promote Better Health

CITIES and communities that have most effectively met the health problems of their respective areas were publicly honored at a meeting presided over by Leroy A. Lincoln, president of the Metropolitan Life Insurance Company, who presented plaques to the winners. These contests have been promoted annually by the Chamber in cooperation with the American Public Health Association and financed by a group of life insurance companies and the W. K. Kellogg Foundation. Due to inability to obtain funds for further continuance of the city contest from the usual sources, the Metropolitan Life Insurance Company has announced that it will assume sole financial responsibility for next year's contest.

This year's winner in the cities over 500,000 group was Milwaukee; 250,000 to 500,000 population group winner, Memphis; 100,000 to 250,000, tie between New Haven and Hartford; 50,000 to 100,000, Newton, Mass.; 20,000 to 50,000, Greenwich, Conn. and Plainfield, N. J.; under 20,000, Englewood, N. J.

Rural awards for winners went to Alger-Schoolcraft Health Unit, Michigan; Fayette County, Ky.; Lauderdale County, Miss.; St. Mary's Parish, La.; Wasco County, Ore.

With the soul-searching that business has gone through in the past decade, he thought that the prospect of cooperation and understanding was encouraging.

The task, however, of bringing knowledge of the American economy to all the people is a local job.

At the time of the meeting, Congress was occupied with hearings on the Hatch, Wagner, Wages and Hours, and Logan-Walter measures, in all of which business has a vital interest.

People say, "Business gripes about Congress, but what could or would business do to make things better?"

The answer to this is that new laws do not of themselves make business better. Business favored neither the Wagner Act nor the Wages and Hours Law when they were proposed. Now that they are law, business is trying to help make them fair and workable.

The idea that business should be for more things and against fewer things is based on a wrong conception. Business thinks it is constructive when it produces goods and sells them at the lowest possible price, thereby helping people to live better and longer and more comfortably.

Howard W. Smith, Congressman from Virginia, appeared before a round-table session on industrial relations, and said that the state of public opinion at this time makes the Wagner Act unworkable. The National Labor Relations Board has made rulings which violate law, tradition, and common sense.

Almon E. Roth, president of the San Francisco Employers' Council, told the round table, as did Congressman Smith, that collective bargaining with labor is here to stay. He advised his listeners to face their problem realistically, by improving their technique for handling disputes. Labor is represented by skilful and experienced leaders; employers need comparable organizations, so that, in the pressure game, the forces may be somewhere near equal.

I sat beside one delegate during a luncheon who told me that, at the end of this decade, the business man will be a better match for politicians than he is today. In this decade the important tasks of the business man are public relations and labor relations. In learning the art of getting along with people the new business man will also be learning the art of politics and he may become a better match for the politicians than he has been in the past decade.

No war boom is likely

THE STRESS of war has made everything uncertain about international trade. Twenty-five years ago war provided a great stimulus to American exports, but that is not being repeated today, said C. M. Wynne, managing director, Overseas Industries, Inc., at a round table on world trade. The Neutrality Act has barred American shipping from European waters. Exports to belligerents are not being financed by war loans, and the speculative rise in prices that 1915 witnessed is lacking. Therefore, no war boom is anticipated. Expectations of war trade through captured South American markets has been overestimated, he said, although future possibilities in that direction are great.

Everyone is "Business"

There is no such thing as "Business"—there are only the thousands and hundreds of thousands of American men and women striving to make a living.

—Raymond E. Baldwin, Governor of Connecticut

Wanted: Clear vision

History reveals that, during every war, far-seeing men, as well as nations, have laid the foundations for their future greatness and success. We must keep our vision clear to view and understand the changing scenes, and be prepared to meet and solve the problems that may arise with each new day.

—C. M. Wynne, Managing Director, Overseas Industries, Inc.



Fitzgerald Hall, President of the Nashville, Chattanooga & St. Louis Railway, a delegate with first hand knowledge of the South's economic problems.



Albert C. Mattei of San Francisco, President of Honolulu Oil Corp. and a director of the Independent Petroleum Ass'n of America.

The worker has no choice

Under the sacred cloak of civil liberties and with the aid of the National Labor Relations Act, unions can now force an employer to compel his employees to join a union against their own will.

—Almon E. Roth, President, San Francisco Employers' Council, San Francisco

What coal needs

The first necessary step in reducing the preventable wastes of coal in mining is to place the industry on a stable economic basis.

—Dr. Ralph J. Watkins, Economic Adviser, National Resources Planning Board, Washington

Enormous post-war markets abroad were envisioned by George E. Quisenberry, vice president, Business Publishers International Corporation. America's industrial chemistry, modern aircraft, air conditioning, plastics and other superior goods, he said, are certain to be in demand in many parts of the world.

Franklin E. Parker, president, American Arbitration Association, presented a plan for uniform procedure in arbitrating disputes arising between traders in different countries.

Economic strait-jackets mean war

FURTHER light was shed on the difficulties under which international trade labors when it is bound in a "strait-jacket" of economic controls, in the address of R. H. Geist of the State Department before the annual dinner of American Chambers of Commerce Abroad. These barriers extend even to social intercourse between peoples and make for attitudes that lead to war, he said.

That the new and mighty American Clipper ships will give this country supremacy of the air lanes as the Clipper ships of a century or more ago made Yankees the pioneers in fast ocean commerce, was the prediction of Juan T. Trippe, president of Pan American Airways. Under the stimulation of war, he said, the aviation industry is fast surging ahead. America's air services lead the world.

Before the transportation conference, William K. Jackson, vice president of the United Fruit Co., had this to say of the Neutrality Act and its effect on the merchant marine:

We wanted to keep out of war and made heavy sacrifices to that end. In my opinion this policy strengthened the hands of the war makers, weakened our position in the councils of peace and, in the surrender of such vital rights, we lost some of our own self-respect and that of much of the civilized world. . . .

Representative Clarence F. Lea explained the purpose and provisions of the transportation bill now pending in Congress. Because transportation expenditures total about one-fourth of the national income, he said, the present difficulties of this branch of industry, particularly the railroads, contribute largely to depression.

A panel of three speakers on three aspects of government regulation made up the round table on natural resources. Speaking for self-regulation, J. D. A. Morrow, president of the Pittsburgh Coal Co., said:

The miseries of coal are not of coal's making but are the direct and inescapable consequences of unsound and destructive governmental policies that have been applied to this industry. If these present governmental policies are reversed and sound policies adopted instead, this industry will need no regulation but will do a splendid job of regulating itself and attaining the objectives desired by all reasonably minded and public spirited citizens in the development and utilization of our coal resources.

Favoring a certain amount of state regulation but equally opposed to federal policing, as it applies to the oil industry, was George Alfred Hill, Jr., president, Houston Oil Co.

Dr. Ralph J. Watkins, economic adviser to the Natural Resources

Planning Board and advocate of federal regulation, defended it principally as a means to conservation.

The insurance round table related to state supervision and the measures taken by state insurance departments to examine and audit the companies. The check-up is far more than any ordinary audit, said Louis H. Pink, state superintendent of insurance for New York. It extends to the physical inspection of every security in the vaults or in banks.

C. A. Gough, deputy insurance commissioner of New Jersey and for 47 years connected with that department at Trenton, brought additional assurance that the statements rendered by insurance companies leave no secrets unreported. George A. Bowles, commissioner of insurance for Virginia, discussed methods of insurance accounting.

Benjamin H. Namm, president, A. I. Namm & Son, Brooklyn, who addressed a round-table conference at which the consumer movement was discussed, pointed out that the modern distributor, to succeed, must work miracles as great as the miracles conceived by our leading scientists.

Not until the distributor does his job are the great inventions useful to the people.

Mr. Namm doubted that the consumers' organizations represent more than a tiny segment of the 80,000,000 retail buyers in the nation. He said that one division of the Department of Agriculture, working with W. P. A., had seriously suggested putting so much information on a kitchen knife and a towel that the labels would be nearly as large as the articles themselves.

Mrs. Consumer was present in person to speak her mind and listen to "back talk." Saidie Orr Dunbar, president of the General Federation of Women's Clubs, and Harriet Rinaker Howe, in charge of consumer education activities for the American Home Economics Association, represented two large blocs of customers.

What is "truth"?

IN REFRESHING contrast to so many consumer "spokesmen," Mrs. Howe made it clear that she was "not delegated to speak for 80,000,000 people." She said that consumers as a body are not equipped to buy intelligently, that there is no agreement on what is the truth about products or how to state it when it is known, and that we have reached a period when consumption rather than production or distribution should be given the major emphasis.

The "talking back" was done by two well known trade association executives—Gerrit Vander Hooning, president of the National Association of Retail Grocers, and Earl Constantine, president of the National Association of Hosiery Manufacturers. As a retail grocer Mr. Vander Hooning asked, "What do consumers want? Not when they speak at club meetings, as professional consumers, but when they go to the stores to buy. That is the information that I would welcome."

Mr. Constantine said that he and the industry he represents are willing to talk turkey with any sincere group of consumers and to



Ormond F. Lyman, President of the National Association of Commercial Organization Secretaries, presided at the Nacos Dinner, introduced Gen. Charles G. Dawes.

Free trade begins at home

Even here at home there is a tendency for states to raise trade barriers to protect some special interest against their sister states. If we cannot keep our own home markets free of restrictions, we can hardly hope to do our part in unfettering the trade of the world.

—Eliot Wadsworth, Chairman, American Committee, International Chamber of Commerce, Boston



A. C. Hardison, California rancher (left), and James L. Beebe, Los Angeles attorney and tax authority, with former president Geo. Davis (right) are unanimous on at least one subject—cigars



Earl Constantine (left), president Hosiery Mfr's Ass'n, H. C. Faulkner (center), New York food broker, and Gerrit Vander Hooning, president Retail Grocers Association, compare ideas on consumer relations



George Brooke, C.&O.R.R. president (left), talks with Arthur Hill, Atlantic Greyhound president



S. Wells Utley, president of Detroit Steel Castings Co., warned against adoption of foreign "isms" in this country

LOHR



Joseph W. Evans (left), Texas cotton exporter, spins a yarn for Jesse Jones, fellow state citizen and Lamot du Pont

receive any suggestions they have to offer, but with one condition—the proposals must be practical and feasible.

Dr. Wilford L. White of the U. S. Bureau of Foreign and Domestic Commerce, expressed doubt that the mass of consumers will react as consumer representatives do. He saw little basis for the common assumption that they do.

How and when the federal budget can be balanced was a subject assigned to two speakers.

It was stimulating to hear the views of the elderly, vigorous General Charles G. Dawes, former Vice President of the United States; Chairman of the Board, City National Bank and Trust Company, Chicago, who for so many years gave so much time to public affairs. Now 73, he said he was delivering his last speech on a national situation. He accepted the engagement because "I wanted to get something off my chest."

Business must help

HE INSISTED that the federal budget can be balanced, but that an ax, wielded by stern and strong business men, will have to be used. Appropriations will have to be vastly reduced, and the expenditure of appropriations already made will have to be cut down. To accomplish the task the next President will need outside business talent of the highest order.

Ellsworth C. Alvord, tax expert, whose subject was "Solving the Tax Problem," was doubtful that income of the national Government can, in the near future, be lifted to a point where it will come within \$2,000,000,000 of equalling the outgo, considering the new program for defense.

He confessed that, given autocratic authority to impose any kind of taxes, he would not undertake to raise much more than \$6,000,000,000 annually. His solution was to turn over the control of government money to a special committee of Congress. Such a committee, he said, responsive to the changing will of the people, might avert national bankruptcy and save private enterprise from liquidation. The committee's source of power would be its authority to limit the borrowing power of the Treasury, thereby putting a brake on expenditure.

Chamber members are consistent in tolerating, even demanding, large scale government spending for one purpose—national defense. At Thursday's luncheon session they listened approvingly to a review of U. S. military and naval policies by Maj. Gen. George C. Marshall, chief of staff of the army, and Rear Admiral H. R. Stark, chief of naval operations. No jingoism but a quiet resolution to be ready for anything was their message.

Admiral Stark defined naval adequacy as "effective strength at the probable point of contact." He said that wars are lost or won with the sea power available at the beginning of hostilities. It is generally too late to start building after the first shot is fired. We must depend on no one but ourselves and we must be ready to meet not only any nation but any probable alliance that might threaten us or our vital interests. A two-fleet Navy—that is a complete and

Where legislation fails

We cannot legislate the good taste or the alert and active conscience which every life trustee should possess.

—Honorable Louis H. Pink, Superintendent of Insurance, State of New York

C.A.A. and progress

Under the Civil Aeronautics Act, for the first time, the airlines can plan ahead—and build ahead—with confidence in their future. Although the Civil Aeronautics Act has been in force little more than a year, tremendous progress has already been made by the industry.

—J. T. Tripp, President and General Manager, Pan American Airways System



Charles E. Wilson, President, General Electric Co.: "For years the ardent ambition of progressive American industry has been to provide more goods and services for more people at less cost."

This thing called isolation

Before the United States Chamber of Commerce Thursday night Lewis Douglas argued against what he termed the theory of isolation. It is never a privilege to disagree with Mr. Douglas but we submit that his argument points to an inevitable course which, it seems to us, will bring about the very thing Mr. Douglas fears, that is, a totalitarian rule in the United States.

—Wall Street Journal

The states watch closely

We who represent the people have not been too easily satisfied. No one who has taken the trouble to examine the detailed and extensive financial reports that are filed by insurance companies with the states today would be willing to say that the state supervisory authorities have ignored the details of the business and have been content with the broad superficial facts. More than any other group, with the possible exception of the insurance company managements themselves, the insurance commissioners have probably been responsible for the accounting practices and systems now in use through their control of the form and detail of the financial reports required by the states.

—George A. Bowles, Commissioner of Insurance, Richmond, Va.



Rep. Howard W. Smith (right) shown with B. C. Heacock, President, Caterpillar Tractor Co.: "To make any law work in this country satisfactorily there must be a fair and honest and impartial administration of that law and the American people must know that it is working in a fair, honest and impartial way."

independent fleet in both the Atlantic and the Pacific—is impracticable, he declared. But we can have and should have a two-ocean Navy—one sufficiently strong and mobile to be concentrated in great strength on either coast at will.

Dr. O. C. Carmichael, chancellor of Vanderbilt University, surveyed "America and the Present Situation." He regarded the invasion of alien ideas as more to be feared than the invasion of alien armies and navies.

Raymond E. Baldwin, governor of Connecticut, who has balanced the budget of his state, increased employment and reduced W.P.A. work and relief, was probably as frankly critical of the situation nationally as anyone who spoke at the convention. The inherent strength of the nation is the shrewdness of the people, who know that there is no good substitute for a good job in private industry. Sneering at industry must stop. Industry must be helped and then there will be more jobs, and the state of prosperity achieved to which our resources and energy entitle us. The idea of saying "Thus far can you go to success, but no farther" is all wrong.

A distinguished group of 59 men and one woman—Miss Frances Perkins, the Secretary of Labor—sat at the speakers' table at the annual dinner, which was addressed by Lewis W. Douglas, formerly director of the budget and now president of the Mutual Life Insurance Company. Mr. Douglas's speech was not cheerful. He said that the United States cannot consider its own future apart from the struggle now going on in Europe. Isolation is impossible without the gravest consequences to our own welfare. That the future will be shaped by events abroad he thought to be inevitable and, for that reason, the deepest concern must be felt concerning foreign developments. There must, he asserted, be a return to honorable treaties between nations, a respect for boundaries of even the weakest states, less restraint of trade, and a return to sound international money.

The prospect of involvement in war was probably the sorriest note of the convention, dwarfing everything else that was said. It was an unhappy group that left the ballroom of the Willard Hotel at the conclusion of Mr. Douglas's speech. Whether the American people believe it or not, business does not want war. Liberties are completely signed away when war is declared, debts mount rapidly and bankruptcy threatens the strongest nation.

How a panic was averted

ON THE FIRST day of the meeting John W. O'Leary, chairman of the Chamber's executive committee, had reminded delegates of a dramatic event that had given the Chamber its biggest news hit of the year. He went back to the panicky state of mind last September when the headlines were screaming war. "Almost, drums were beating in official quarters; almost, men were ready to enlist. But within a week the president of the Chamber addressed the membership in a statesmanlike message. I quote one passage from it":

We business men, as all others, are aghast at the prospect of slaughter and misery abroad. We wish no profit advantage through the wrecking of great cultural and spiritual values which have been built pain-

fully and slowly through generations of thought and effort. We want peace in the world.

That statement, followed by a similar utterance by the Board of Directors, was a strong factor in turning the tide toward intervention. By the first of October there had rolled into Washington from all over the country a reaction so emphatic it left no doubt in the minds even of internationalists that the people were resolved not to repeat 1917.

Probably the most optimistic utterance in the four days was the speech by Philip C. Ebeling, past president, United States Junior Chamber of Commerce, and spokesman for the young man's viewpoint. To him, the present state of the nation is just another cycle, no worse than several the country has weathered in the past. Young business men have faith and confidence in the future. But they do not want to become nameless crosses on European battlefields. They regard it as nobler to live for one's country than to die for it.

For strong defense

THE RESOLUTIONS committee of the Chamber commended the steps thus far taken to strengthen the Army, the Navy and the air force, and said, as the Chamber did in 1916, that "we should carry our national defense on a pay-as-we-go basis."

Twenty-four other resolutions covered various aspects of our economic life. Initiated by business organizations in many cities, they were studied and debated in committee for weeks before they reached the floor.

For the end of this report I saved some of the remarks of the only foreign speakers, Dr. Paul van Zeeland, former prime minister of Belgium, and H. R. MacMillan, president of the Canadian Chamber of Commerce. Both addressed the meeting of the International Chamber of Commerce. Mr. MacMillan thrilled his audience with a sober statement of Canada's position at war. He said:

It was natural that when, in our judgment, a powerful enemy threatened our common source of leadership, strength and safety, who, if successful, would have destroyed our markets, our institutions and our freedom, we went to war. Canada, as a self-governing unit of the British family of nations, will demonstrate that she can, to protect all that she holds most dear, engage in a war abroad without endangering the friendliness or safety of her neighbors.

Despite the tremendous debts and dislocations that will be created by the war, Dr. van Zeeland expressed the conviction that the world will find its way.

Astonishingly, what so many ill-informed people view with alarm, Dr. van Zeeland welcomes as the hope of all mankind.

That hope is based on the potentialities of technology.

He emphasized that the devastation and impoverishment going on in Europe are too horrible to realize or contemplate.

But—

Let us not forget that there is a new fact in the world. It is the extraordinary increase in the technical ability of men to produce wealth.

It occurred to me that in that observation we may have the key



Gen. Charles G. Dawes: "The budget can best be balanced in the way which any private organization with its business in the demoralized condition of our present government business would take as a matter of course. Mistake not, the budget of the United States can be balanced."

The children lose

Ten years ago savings of \$20,000 would have provided our families, upon our death, with an annual income of \$1,000. Approximately twice that sum is required today.

—Ellsworth C. Alvord, Alvord & Alvord, Attorneys, Washington

Preparedness is cheap

Compared to the cost of any war in which we might become involved, I believe the peace-time preparedness expenditure is relatively cheap; cheap in men and cheap in treasure. It is the premium on our national insurance.

—Admiral Harold R. Stark, U. S. Navy Chief of Naval Operations



R. H. McMillan, Canadian Chamber of Commerce: "The relationship between Canada and the United States is a symbiosis which is as rare as it is encouraging amongst the nations of the world."

The views of all

The Chamber of Commerce of the United States is distinctive because it is formed for and equipped to coordinate the views and actions of all types of business, in every section of the country, and to present and interpret those views to the agencies of government and to the public.

—John W. O'Leary, Chairman,
Executive Committee, Chamber of
Commerce of the United States

The young man's task

Political liberty cannot be used for bread and clothing. We must devise the economics to accompany liberty. That is the large task that faces my generation. We must find out the measures necessary for further development of the system of free enterprise; to learn how economic opportunity, upon which free enterprise must rest, can be made equitably available for every able-bodied man.

—Philip C. Ebeling, Past President,
United States Junior Chamber of Commerce

to the better life to which we all look forward so eagerly and hopefully. Conceivably, the machine will be the means by which men can create enough for all and thereby end the ceaseless struggle for a bare existence which has occupied the energy of mankind and led to so much misery since the beginning of time.

No all-embracing formula, no ringing declaration offering all things to all men came out of this meeting. That is not the way of business.

The real "Forgotten Men"

THESE were the "Forgotten Men" in the original coinage of William Graham Sumner. That neglected philosopher, whose masterpiece was fated for anonymous appropriation into a slogan that was the negation of every principle that he stood for, sang the virtues of the Forgotten Man who works and pays. "Generally he prays," said Sumner, "but his chief business in life is to pay." This is where he came from:

A and B put their heads together to decide what C shall be made to do for D. The radical vice of all these schemes, from a sociological point of view, is that C is not allowed a voice in the matter, and his position, character and interests, as well as the ultimate effects on society through C's interests, are entirely overlooked. I call C the Forgotten Man.

These chamber of commerce men deal in actions, not words. Others declaim and legislate and draw up vast plans to hasten the millennium. Theirs to do the work involved in these plans. The world-movers promise and leave business to perform. Business men are cautious in what they promise because they know they must deliver in person.

In the mighty issue now joined between producers and spenders, the sex appeal is mostly on the side of the Abundant Life. The case for business rests not on glamour or emotion but is put squarely up to the sober intellect of America.

I might put it this way:

If the American people will be patient and will put their trust in invention, science, our natural resources, and the fortunate geographic situation of this nation:

If the American people will be industrious and have confidence in the fairness and competence of those who have created jobs and who, through successful business technique, will create more jobs;

Then, the United States of America can liquidate its debt, restore prosperity, absorb the jobless, redeem its pledges to the indigent, bring back freedom, banish bureaucracy, and restore a bewildered people to a state of confidence and security.

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★★

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Blueprint for Builders

A summary of the Resolutions adopted by the Twenty-Eighth Annual Meeting

PREAMBLE: Declarations on the phases of our national economic life which at the moment seem most to require attention inevitably appear somewhat disconnected when standing by themselves. But they do not stand by themselves. They are additions to the well-rounded body of policies to which the membership has already committed the Chamber and which are in full force and vigor with the same support as the policy declarations which this annual meeting will adopt.

Setting out principles, and kept to brief form in order that the principles may stand out clearly and unmistakably, the declarations which we recommend as in our sincerest belief in the best interest of the country may have a certain quality of coldness that does not reflect the spirit behind them.

For these reasons the Resolutions Committee makes this brief statement. It believes it should be understood by everyone that the broad objective of the

United States Chamber is to serve the nation and all of its citizens. This organization represents no special segment of business, but rather all forms of American business endeavor, large or small, wherever situated. Its only partisanship is on behalf of the strengthening, growth and happiness of America, economically, culturally and spiritually.

The Chamber of Commerce of the United States stands firm for our American form of government and for the dignity and rights of the individual, the family and the minority. Excessive debt, excessive taxation, excessive central planning and control are basic dangers to us all. No inducements must ever be allowed to lead our people from the paths of sanity, of productivity, of opportunity and of liberty.

The Chamber's policies are humanitarian and liberal in the true sense of these words. The recommendations which are now made have these same purposes in view.

Our Future

THE future of our country can exceed the achievements of our past, and lead to new high levels of individual security and well-being. The energies of our people will assure such a future, if they are released and given their freedom within the boundaries set by our general laws. Every proposal should be viewed in the light of our general progress, and rejected if it will not make definite and understandable contribution to the advancement of all of our people. Invention and research should be encouraged, that new products, new uses, and new industries may appear in ever-widening progression. Production should be recognized as the only source of abundance, of lower prices, of wider distribution in the use of products, and of higher wages and increased employment. For production that will grow and bring these benefits all of the facilities and equipment the capital-goods industries can supply are needed, and free access to the markets for all enterprises that prove worthy.

Every consideration requires concentration of attention upon the future. There is where all our great problems and our greatest achievements lie. That future can afford room for everyone's best aspirations and for him to show his own ability to achieve them.

Economic Structure

EVERY existing policy and every proposed measure should be thoroughly scrutinized with reference to its bearing upon the economic structure of the country. The prolongation of the easy-money policy which has been imposed upon the country for 11 years is operating to weaken the economic structure at most essential points and this policy should now undergo the gradual but determined correction appropriate to so fundamental and all-pervading an influence. By obscuring the burdens resulting from a mounting public debt it pro-

motes indifference where there is every reason for grave concern, and shifts burdens to the thrifty who find the returns from their savings proportionately reduced and who, in seeking security for their dependents, must pay more for protection. Prolongation of the policy threatens the whole system of private savings and enterprise.

Capital Markets

THE greatest single force in bringing recovery from earlier depressions was the flow of capital into private enterprises. There were thus created new work opportunities, new income and wealth for the nation, new public revenues, and higher standards of living. No high level of employment and income has ever been attained without large outlays for the tools with which we work.

This potent force for the strengthening and building of our economic structure should be allowed to operate without further delay. The normal processes of saving and investment should again be encouraged and should be permitted to have their effects so beneficial to all interests, public and private, and in all of the fields of enterprise. Increased private investment would make unnecessary much of the huge expenditures of federal, state and local governments for relief, public works, and other depression undertakings.

Public Finance

IN VIEW of excessive expenditures, a volume of federal taxes at a peace-time high, continued unbalanced budgets with deficits which have reached great proportions, and an unprecedented and rising national debt, positive steps toward placing the fiscal affairs of the federal Government on an orderly basis are in the highest public interest. This is one of the most essential preparations for national defense.

Expenditures. The key to the situation is in expendi-

tures. No supportable tax structure can be devised which will balance the present level of expenditures. Reduced expenditures, and not additional taxation, must therefore be relied upon to end the annual deficits which, if not soon checked, will undermine our economic stability.

Budgeting. Budget procedure that operates to strengthen control over expenditures is essential to the development of orderly fiscal policies. In order that there may be improvement in executive control over expenditures and in direction of fiscal policies, the President should be directed by Congress to designate in the budget those activities which, though provided by law, he believes should be discontinued; to reduce expenditures of the executive branch below appropriations if it appears necessary to prevent a deficit, and to disapprove individual items in appropriation bills. All spending agencies of the executive branch should be brought under control of the Bureau of the Budget.

Congress should provide a body of its own, composed of its members with special responsibilities as to revenues and appropriations, to consider the budget as a whole and to propose to Congress the total within which appropriations and expenditures should be kept.

Federal Grants and Aids. The demand for federal funds for the benefit of states and local communities is an important factor in excessive federal expenditures. In the interest of economy and lower expenditures and taxes—national, state and local—business men's organizations in the states should refrain from requesting federal funds for local or specialized purposes and should use their influence to dissuade state and local authorities from asking or accepting such funds.

National Debt. The direct national debt threatens to reach the statutory limit of \$45,000,000,000 within the next year. There is also a contingent obligation of almost \$6,000,000,000 in indirect debt. This great national debt, with more billions of state and local obligations, must ultimately be paid by the taxpayers of the nation. The statutory limit of the federal debt should not be raised.

Federal Revenue Legislation. In the interest of increased revenues and as a reasonable and equitable stimulant to progress and greater employment, the Internal Revenue Act should be thoroughly revised. The general purpose should be adjustment of rates and their application to encourage maximum productive activity, removal of all punitive features, greater ease and simplicity of administration, and development of a long-term revenue structure that will afford stability and certainty in the federal taxing system.

There should be constant attention to reduction generally of the encroachment of the federal Government upon the states' sources of revenues.

Estate and Inheritance Taxes. In the proposed revision of the federal tax structure there should be the most earnest attention to consequences of the present estate and inheritance taxes, which are levied by federal and state governments under a system which in effect gives the federal Government control of the burdens. The effects of present rates and provisions are damaging socially and economically. There is discouragement of the natural desire to make family provisions and a serious impairment of incentive. There is dissipation of productive capital, with all of the public detriment that follows. The consequences bear hardest upon small enterprises.

Federal Reserve System

IN the inception and development of the Federal Reserve System there was no more consistent or stalwart advocate than the Chamber. Experience has amply vindicated our confidence in the fundamentals upon which the system was established and fully confirmed our judgment against hasty and ill-matured innovations or changes in its policies and functions.

National Defense

THE most important question in the United States today is national defense. Events across both oceans indicate that no unprepared nation, however peaceful its people, has any assurance of security. Our defense today is inadequate.

Our Government must be prepared to defend our country and our people against any aggressor. Adequate armament for national safety must be our first concern. We commend the steps thus far taken to strengthen the Army, the Navy and the air forces. We urge that further armament be expedited.

Financial preparedness is just as necessary as military preparedness. Only if we are strong financially can we expect to carry the burden of any prolonged struggle. Unbalanced budgets and further increases in the public debt cannot continue if we are to retain the financial strength necessary for any prolonged defense. We should carry our national defense on a pay-as-we-go basis.

Subversive Activities

IN counteracting subversive propaganda and activity in the United States, congressional investigation and the resultant publicity have been especially effective. Revelations of alien propaganda within the United States and political developments in Europe have combined to mold public opinion in favor of discarding un-American doctrines.

Safeguarding Our Foreign Trade

THE wars in Europe and Asia have caused extension of governmental control and restrictions of the normal movements of international trade and shipping and of the ownership and operation of private enterprises. Such developments have had wide repercussions upon business undertakings in which United States citizens are interested. During these wars, and particularly at their close, vital problems affecting American business must be met. Their solution demands cooperation among those directly affected and our Government.

To meet these pressing conditions it is important that our Department of State continue to take prompt diplomatic action against discriminations and interferences prejudicial to our rights.

Merchant Marine

AN adequate fleet of modern merchant vessels, privately owned and operated, is essential for our foreign commerce and as an auxiliary for national defense. With the plans of the Maritime Commission for construction of new vessels in number, size and speed to serve both commercial and national needs, private operators have so far been able to keep pace, by reason of emergency conditions. The Commission, in proceeding with its further construction program, should work most closely with private operators and limit construction to vessels which they can employ.

Transportation

THE Transportation Act of 1940 has reached the stage of final action in Congress. This measure represents another step in the accomplishment of a constructive program of transportation legislation. It declares the national transportation policy of Congress is to provide fair and impartial regulation of all modes of transportation by rail, highway, and water, to recognize and preserve the inherent advantages of each, to promote adequate and efficient services, and to encourage establishment of reasonable charges for transportation services without unjust discriminations—all to the end of developing and preserving a national system of transportation by water, highway, and rail adequate to meet the needs of the commerce of the country, the postal service and the national defense.

Highway Policies

THE joint highway and traffic surveys recently in process in nearly all of the states should be continued, in order that highway authorities may at all times be provided with current information needed for efficient highway planning, both in developing a rational and balanced program for each state and in working out regional relationships. The data obtained from surveys should have full and constant use in all states for determining priority and character of improvement, that the interest of highway users may be equitably served.

Aviation

THE proposals relating to air transport made by the annual meeting in 1935 have now largely been carried into effect. A current question has been raised, however, by a proposal that the federal commission established by Congress in 1938 to regulate, promote and encourage air transport for the needs of foreign and domestic commerce and the national defense should be placed in an executive department. The Chamber's position is that the performance of these duties should always be vested in an independent commission, in accordance with the established policy with respect to regulation and promotion of other forms of transportation.

Government Competition

THE Government should refrain from entering any field of business which can successfully be conducted by private enterprise. Tax-free, rent-free, and cost-free competition with the lawful enterprises of private citizens is destructive and should be ended.

When the Government proceeds with work and operation, on a theory of lower costs, Congress should enforce publication of the costs actually incurred, with allowances such as have been mentioned to permit true comparisons.

Administrative Law

MANY federal agencies now unite in themselves the legislative function of making law, the executive function of prosecuting violations of law, and the judicial function of passing judgment upon their own prosecutions. This is an intolerable union of functions which should always be separate and independent, if justice is to be had and the public interest maintained.

Trade Associations

BUSINESS has long maintained trade associations as a means of carrying on important functions in the interest of business and the public. The efficiency of management has been furthered, the extension of markets promoted, the stabilization of employment fostered, the establishment of fair competition advanced, and the rights of industry upheld through the proper operation of trade associations representative of their fields.

Labor Relations Act

ALL deterrents to economic recovery should be removed once they are recognized. The practical operations of the National Labor Relations Act have amply demonstrated that the Act, in its present form, is a serious deterrent to recovery. This Act has failed to produce the economic benefits for the public predicted by its proponents. Instead, great economic loss and waste have resulted, and recovery has been distinctly impeded.

Therefore, Congress, at this session, should meet this important issue by passing fundamental and much-needed amendments to the Act.

There should be written into the law mutuality of obligations and mutuality of responsibility.

Wage-Hour Act

WITHIN less than two years the application of the Wage-Hour Act has unfortunately demonstrated the soundness of the reasons which were urged by the Chamber against the enactment of such a federal statute. Its humanitarian aspect in dealing with oppressively low wages belongs to the states, each of which can give consideration to the actual conditions that are to be met. Public interest will best be served by repeal of this law.

Agriculture

AMERICAN agriculture can prosper only through advancement in the whole structure of American life. Industry, labor and agriculture are interdependent—improvement in any one immediately reflects benefit to the others—the principle of parity and equality in income between the groups works for the benefit of all.

We especially commend cooperation between agriculture, labor and industrial management in a concerted attack upon recovery.

State Rights

IT IS a cardinal principle that all rights not specifically granted to the federal Government are reserved to the several states. This principle in recent years has been increasingly infringed by federal encroachment in almost every field.

Federal invasion of state sovereignty results not only in retardation of normal state enterprise and development with concomitant impairment of political and economic statehood, but is a source of continually increasing and wasteful federal expenditure.

Reclamation

WE reaffirm the previously declared policy of the Chamber, in support of reclamation, in preparing land for agriculture within a well rounded program of regional development—when the areas reclaimed can use or dispose of their products in a dependable way. Reclamation so planned as to enable self-sustained and comfortable homes continually builds desirable diversified agriculture.

Forestry

GOVERNMENT surveys have established the fact that the country's demands for forest products can be more than met if reasonable measures to protect the forests and assure continuous growth are applied. To that end, the undertaking by the forest industries to establish a system of commercial forestry on privately owned forest lands throughout the nation should be actively supported by federal and state governments.

Petroleum Production

INDIVIDUAL states have made pronounced progress in conserving their petroleum resources, and by interstate compacts they have taken action to meet problems of joint interest. The slowness of one or more states to cooperate fully in the compact movement, and instances of failure within states of proper application of conservation laws, should not be permitted to obscure the accomplishments of the states and their determination to solve the problem through their own efforts.

Centralization in the federal Government of control over petroleum production would interfere with the development of state measures, and with correlation of state action through interstate compacts to conserve this important natural resource in harmony with the principle of preserving state and local authority, responsibility, and initiative.

Relief Activities

THE nation's relief problem is the aggregate of a large number of state and local situations. It follows that a full understanding and careful examination of the relief situation by business men's organizations and other taxpayers' groups is of first importance.

Public Health

PROVISION and maintenance of facilities for improvement of public health are local functions, and should be kept so. Experience has shown that grants in aid encourage extravagance and do not promote efficiency and public service.

Subsidized Housing

PUBLICLY subsidized housing has created many difficult local economic and social problems. Its benefits have not justified its cost. Public subsidies for housing impose public burdens continuing after needs have passed. Local subsidies that are warranted should be provided for families on the basis of other forms of relief, in order that they may cease when assistance is no longer required.

The most urgent and immediate opportunity to improve housing for the lowest income families is enforcement of local sanitary and housing legislation in a program of repair to bring dwellings up to proper standards and of demolition of those beyond repair.

Capital Can't Pull Unless It's Free

By EMMETT F. CONNELLY



IF Government does its part to unblock prosperity, money seeking investment and business seeking new capital will do theirs to create new work opportunities

A MODEST concern operating an oil refinery filed a registration statement with the Securities and Exchange Commission. The company wanted to make some improvements in its plant and to obtain some additional working capital so that it could afford to carry a larger inventory of crude oil. To do so, it wanted to sell to the public a relatively small issue of notes.

This is a typical example of the kind of modest financial transactions that keep the wheels of industry turning. When a company borrows money to improve its plant, it hires both dollars and men. The company pays wages to workers who make the improvements and it buys materials from other companies which, in turn, must hire men to manufacture the materials. What we need to solve our number one national problem of unemployment is more companies which will borrow \$500,000—or \$50,000 or \$50,000,000—to put men to work. But let's see what happened to this typical instance of such financing.

Before the company could issue its notes, the S.E.C. had to approve the registration. Apparently the S.E.C. didn't like the company's statement because it ordered a public hearing held, about 40 days after the registration was filed, to determine whether the company should be allowed to go ahead with its financing. There was much correspondence, conferring and some revision of statements. Finally, three and a half months after it first filed its registration statement, the S.E.C. gave the company the go-ahead signal.

We can only hope that the refinery went on with its improvement program despite the delay. Incidentally, that delay was no insignificant factor. Between the time that the company had first tried to borrow and the date when

No people in all history has ever risen from barbarism to affluence and culture except by that system of production and exchange called capitalism

HOW TO MAKE A NOISE LIKE A



FRIED EGG



► A Hollywood director, so the story goes, had called in his sound-effects expert. "In this next scene," he said, "we want to pick up the sound of an egg frying. It'll be out of camera range, but it has got to *sound* like the real thing."

So the expert got busy with some of his best tricks. He tried crumpling Cellophane in front of the "mike," but that wasn't it. Then he tried cracking bunches of small reeds, and that wasn't right either.

Finally, someone ventured: "Why don't we try frying an egg?" And of course that was it; in fact, it sounded exactly as if they were frying an egg.

► In attempting to do a good public-relations job, Business today often overlooks the most direct means of making itself understood with the public.

Too often, companies rely completely on such substitute devices as an occasional letter to stockholders. Or a speech to the employees. Or publicity handouts from the front office. They overlook the one avenue into the public mind for which there has never been any substitute—and that is the advertising pages of the national magazines.

If you ask the companies who have been most successful in the field of public relations, they will tell you that *advertising* plays the major role in their program. Not just because it enables you to speak plainly about wages, research and profits. Not just because it creates good will for your *company* as well as your products. But because public-relations advertising, appearing consistently in the national magazines, can pay its own way in *sales*.

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COUNTRY GENTLEMAN

it was finally allowed to proceed, the war situation in Europe had become acute. Security markets had been unsettled, and material prices had spurted upward. Events like that are important—perhaps crucial—in any company's business life. And I want to emphasize that the delay enforced upon this particular company is typical of the experience of many smaller business organizations and even many of the larger ones which have little or no familiarity with the involved procedure of clearing their financing with the S.E.C.

Dollars put to work first

BUT there is another feature of this transaction which I want to stress particularly. The company had to borrow money before it could give employment. It had to hire dollars before it could hire men.

I don't know any more simple way to illustrate the tremendous importance of borrowing and investing in our modern economy. They make the difference between progress and stagnation, prosperity and depression, employment and unemployment. The accumulation and investment of capital are the mainspring of the machine that makes our modern society possible. Carl Snyder, a prominent economist who was for years on the staff of the New York Federal Reserve Bank, has put it very eloquently:

There is one way, and only one way, that any people, in all history, has ever risen from barbarism and poverty to affluence and culture; and that is by that concentrated and highly organized system of production and exchange which we call Capitalistic. Further, it is solely by the accumulation (and concentration) of this capital, and directly proportional to the amount of this accumulation that the modern industrial nations have arisen.

When dollars are loafing, workers are walking the streets in search of jobs. When dollars put on overalls and go to work in profitable investment, labor has a weekly pay envelope and a full dinner pail.

I believe these economic facts have an obvious bearing on correct public policy.

No one, radical or conservative, denies that increased employment is our goal. And increased investment is the road to that goal. Yet for seven years the man with money to invest and the banks, investment bankers, security dealers and business men who make up our investment machinery have, as one banker phrased it, been

"put in the dog house and kept there."

Beginning with the Securities Act of 1933, a barrage of restrictive laws has rained down around our ears. Borrowing money has become a labyrinthian process fraught with legal hazards, accounting puzzles, heavy expense and long delays. Last spring when a mid-west power company wanted to borrow \$4,000,000 with which to enlarge its plant and buy new equipment, the company worked nearly two months to prepare the papers, attend the hearings and obtain the clearances which the various state and federal commissions required.

Now I submit that "regulation" of this character isn't good sense. Especially it isn't good sense when we as a nation need to reopen our investment markets if we are to solve our problem of unemployment. I believe that the time has come to overhaul our hastily enacted security laws of the past seven years and to streamline them so that



Instead of investing as you see fit you will turn your funds over to the bureaucrats

they help and not hinder the process of investment.

Before I go any farther, I want to say again that no one objects to sensible security regulation, least of all the investment bankers. The Investment Bankers Association, as its records will show, was advocating better security laws long before anyone ever heard of the Securities Act of 1933.

But the laws under which we are now trying to function were hastily jammed through Congress. The hearings were brief and inadequate. The legislation was never properly scanned before it was accepted. The Securities Act of 1933 whizzed through Congress—rela-

tively speaking—in 60 days, and the Securities Exchange Act of 1934 passed in 90.

What happened subsequently is, I believe, adequate reason for considering revision. In the years during which we have been operating under these laws, new capital raised by private financing has averaged about \$600,000,000 a year compared with \$3,600,000,000 annually during the decade of the '20's.

Those figures show how badly our flow of investments has been choked. If we are to get up a full head of steam again, we must do everything we can to clear away the obstacles which are keeping dollars—and men—out of work. The least we can do is to chisel the rough spots off our hastily written laws.

I know, of course, that Washington teems with experts, economists and bureaucrats who have another "answer" to our investment problem. They say that America now has an old, ma-

ture economy, so old that it has lost the power to go ahead by private initiative. Because our geographic frontier is gone, because our population isn't increasing so rapidly and because our industries have a tremendous earning capacity, these "ex-officio experts" declare that we have more money than we know what to do with.

Bureaucrats in control

WE save too much, they tell us. Thrift is not a virtue but an evil because our industrial plant is already built and no longer needs more capital to finance expansion. Private enterprise has reached the end of its tether, according to these gentlemen. But they have a solution. Government will take over the role of investor. It will tax and borrow and even print money under some circumstances. Then it will "invest" this money in everything from government-subsidized industries to leaf-raking.

Basically, that plan means putting every investor and business man in thrall to bureaucracy. Instead of investing your savings of your own free will wherever you please, you will see them taken away from you by higher taxes or you will turn them over to the bureaucrats in exchange for a government bond. Then the bureaucrats will do the investing. Instead of going to the investing public to raise money for your company, you will have to go, hat in hand, to a government lending agency—various of the "experts" have suggested that they be called "capital

(Continued on page 99)

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Industry's Guaranteed Pledge



Inspectors are sent to factories and sales floors for periodical check-ups on products

ALMOST universal testing of manufactured products, ranging from foods to fabrics, has become a characteristic feature of American life. The gas industry became a pioneer in this business of assuring its customers of safe, durable and efficient products when the American Gas Association built a testing laboratory at Cleveland in 1925. Opening of another laboratory in Los Angeles last year is further indication of the industry's intent to serve its consumers to the fullest possible extent.

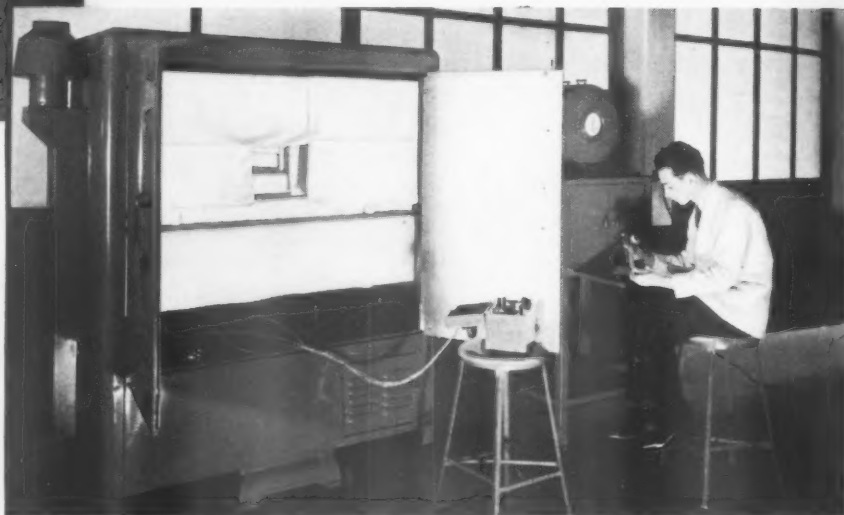
Three hundred authorities on gas and gas appliance problems compose the membership of the subcommittees which report to the Approval Requirements Committee which supervises the preparation of all standards. Representatives are not limited to gas company executives, but are largely drawn from such general and consumer interests as the American Home Economics Association, National Safety Council, and Trade Associations in the construction industries.

New models of gas appliances are designed and developed by individual manufacturers, but the members of these committees initiate the standards which they must meet and by which they are tested in the laboratories.

Approximately every two years the requirements subcommittees completely revise the standards and bring them up-to-date.

When a manufacturer wishes to present a new line he submits his models to the laboratories. Records of tests indicate that 99.8 per cent of all appliances submitted are corrected or changed before they are finally approved.

Due to such large scale research, development and testing work, more startling advances and improvements have been made in domestic gas appliances in the past ten years than in the previous 40. One of the best known and most satisfactory from consumer point of view was increasing the thermal efficiency of top burners on ranges which means that they now give about one-half more heat for the same amount of gas burned. Another was increasing the overall efficiency of water heaters by about 25 per cent.



Top: the "squeeze" test for durability of a range. Middle photo shows clothes dryer tested for ability to dry towels



Central heating gas appliances are tested in the factory to ascertain that they are in conformity with those examined in laboratory

DRIVE IT!

And know why...



"CHEVROLET'S First AGAIN!"

The ignition key is out for you . . . at your Chevrolet dealer's . . . any day you call for it!

And when you accept this key, and step gaily into Chevrolet for '40, you'll not only have the key to *America's first-place car*, but you'll also have "the key to the city" and to all the hills and highways and byways of the nation as well.

For this big, smart, high-powered traveler is the master of every motoring condition you'll meet on a trip across the country or around the world!

Drive it—and you'll find it starts, steers, shifts and stops with the utmost ease! . . . *Drive it*—and you'll find it out-accelerates all other cars in its price

range! . . . *Drive it*—and you'll find it out-climbs them, too! . . . *Drive it*—and you'll find it's the smoothest, safest, steadiest riding car in the entire low-price field—in fact, the *only* car with "The Ride Royal★"!

In '40 again, for the ninth year in the last ten, people are buying *more Chevrolets* than any other make of car, so you *know* Chevrolet for '40 must be like a dream come true!

And now we invite you to put it to the final test . . . eye it, TRY IT, buy it . . . so you will join the throng who are saying, "Chevrolet's First Again." Please accept our invitation to drive this car—*today!*

*On Special De Luxe and Master De Luxe Series.

CHEVROLET MOTOR DIVISION, General Motors Sales Corporation, DETROIT, MICHIGAN

EYE IT •• TRY IT •• BUY IT!



\$659

**MASTER 85
BUSINESS COUPE**
Other models slightly higher

All models priced at
Flint, Michigan. Trans-
portation based on
rail rates, state and
local taxes (if any),
optional equipment
and accessories—
extra. Prices subject
to change without
notice.

**THEY CAN'T
STEAL BOTH**



Thieves may steal your valuables. But they cannot take away the protection that a Standard burglary and robbery insurance policy provides.

When you have this protection — obtainable at surprisingly low cost — you have, in effect, another set of all that you insure. When losses are sustained from burglary, robbery, theft or larceny — these duplicates or their cash equivalents are yours.

Standard Accident of Detroit writes burglary and robbery insurance to cover your person, home and business — also protects against loss from embezzlement; forgery; automobile accident; injuries to self, employees, and the public; glass breakage; and similar hazards.

Consult your nearby Standard agent or broker.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

A Slogan for Americanism

"ISN'T It Great To Be an American!"

Once that phrase, uttered in public, might have produced a slightly derisive leer from passers-by.

Because it was not so long ago that Americans were actively indulging in an inferiority complex developed under the word-lashing of nimble-penned intellectuals.

Perhaps our appreciation of what it means to be American citizens, guarded by a Constitution and a Bill of Rights, became dulled by proximity and habit.

Perhaps the lack of a contrast made us forget the bedrock of liberty, freedom and opportunity that our forefathers selected as the foundation stone of The American Way.

Perhaps we had been taking too much for granted; certainly we were casual enough about our great American heritages—freedom of speech, freedom of press, religious tolerance, the right of self-government. This last heritage we particularly neglected, as if it would perpetuate itself under its own power.

Then, as the depression threw our economics out of gear, the skeptics and critics increased their chant of derision. Doubt and uncertainty took the place of initiative. The American Way began to lose popularity. Some people even pointed to Communism, Fascism and Nazism as better ways; they seemed willing to sacrifice freedom for efficiency.

Contrast shows our advantages

IT TOOK war to change all that. As newsreels showed us the horror of domineering dictatorships, of Chinese babies mangled by bombs, of Czechoslovakia being crushed, of gaunt-faced children being herded out of London and Paris in mass evacuations, it was instinctive for Americans to mutter under their breath, "Whew! I'm glad I'm over here!"

Last September James T. Larimore, sales manager of the Miami Laundry, sat in a movie theater. His family was in Cape Cod on vacation. A bomb exploded on the screen before him, blowing a home to bits. Suddenly he realized how complacently he had regarded the distance that intervened between him and his wife and children.

They were perfectly safe; no bombs might send them home mangled. But suppose he were a Frenchman, or an Englishman, or a German, or a Pole

or a Finn? How secure would he feel then? He sighed:

"Boy, isn't it great to be an American!"

Out of that sigh grew a slogan campaign that is today spreading throughout the nation.

The most significant aspect of the "campaign" is that it was not a campaign at all. It spread, and continues to develop, under its own momentum. What started out as merely the grateful emotional response of one man for living in a country of peace and liberty seems to be developing into a kind of informal, national Thanksgiving for the privileges of American citizenship.

Advertising the slogan

THE newsreel that gave birth to the idea, Larimore saw on a Saturday night. Early next morning he was closeted with Don Lynskey of the Miami Laundry's advertising agency, scribbling out copy and plotting layouts. Larimore had his doubts whether his board of directors would approve devoting commercial advertising space to a patriotic slogan, but that didn't dim his enthusiasm.

He and Lynskey redesigned the entire laundry advertising program to revolve around "Isn't It Great To Be an American!"

Monday morning Larimore laid a red-white-and-blue program before W. Bruce MacIntosh, president of the Miami Laundry, and George M. Morgan, general manager. The program called for approximately 2,000,000 impressions of the slogan throughout the Greater Miami area, involving, in addition to prominent display ads in the Miami daily papers:

- 100,000 mailing envelope stickers
- 70,000 automobile windshield stickers
- 10,000 open letters for laundry bundles
- 1,500,000 laundry tickets
- 250,000 bookmarks for all Miami libraries
- 2,500 car cards for trolleys and busses
- 375 cards for the laundry's 40 trucks
- 15 24-sheets for billboards

In addition, Larimore and Lynskey designed special eight-foot-long topboards to be fitted on the laundry's trucks carrying the same phrase.

MacIntosh and Morgan were skeptical at first, but by noon they had become as enthusiastic as Larimore. Said Larimore later:

The more we talked about the idea, the more we all realized the power of suggestion that the phrase would have. It struck a sympathetic chord in everyone we mentioned it to. It seems to be something everyone had overlooked—the fact that we Americans are the luckiest people on earth.

We get so wrapped up in our day-to-day problems of business and politics, arguing and bickering that we forget the larger fact—that we have freedom to argue and bicker and discuss.

It seemed about time that we reminded

ONLY 9 POUNDS! ONLY 55 DOLLARS!

Imagine this nugget of figure magic, scarcely larger than your telephone, perching handily on the corner of your desk! Feather-light but rock-steady. Quiet and handsome. Bringing the figures to you, not making you go to them. Think of getting all this in a *full-duty* portable adding machine, magnificently engineered by Victor—for a mere \$55!

Here's the machine that every business has been waiting for—to use everywhere. Many offices need

several of these time-savers, to step up efficiency for key executives and departments. Twin models give you a choice of full or ten-key keyboard, in three capacities, at three revolutionary prices—9,999.99 at \$47.50; 99,999.99 at \$55.00; and 9,999,999.99 at \$70.00. See them at your dealer's—also the larger Victor Electrics (from \$114.50), made by the leaders in adding machine progress for twenty-two years. And mail the coupon.

VICTOR

ADDING MACHINES



10-KEY VICTOR PORTABLE

Choose either model, in three capacities, each totaling and printing ten times its keyboard capacity.



WHERE you need it
WHEN you need it

VICTOR ADDING
MACHINE CO.
3900 N. Rockwell St.,
Chicago

Please send descriptive folders about the new Victor portable adding machines.

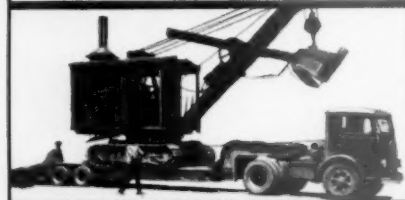
Name.....

Address.....

City.....State.....

N-4

Save ON HAULING COSTS THE WAY OTHERS DO!



● ● TRUCK USERS in more than one hundred lines of business have proved for themselves—and for you—that the Fruehauf Truck-Trailer method of hauling brings economy in more ways than one.

Save 30% ON INVESTMENT

Buy a small truck and a Fruehauf Trailer instead of a large, more costly truck. A truck, like a horse can pull far more than it can carry. Hence, the small truck will pull as big a load as the large truck will carry—and the Truck-Trailer unit costs at least 30% less.

Save 30% ON GAS...

The small truck will cost you less to operate than the big truck—30% less according to many users who keep cost records.

Save 35% ON UPKEEP...

Your upkeep costs will be less for the small truck. Savings here should be a minimum of 35%.

Save ON DEPRECIATION

Your depreciation is sure to be less, since the small truck costs far less—not only to buy but to replace.

Save IN OTHER WAYS...

Perhaps, like many other truck users, you'll find a "shuttle" operation another source of savings. You'll leave two or more Trailers to be loaded or unloaded, while the truck is constantly at work pulling first one and then another of the Trailers ready to be moved.

You'll save from start to finish with the Fruehauf Truck-Trailer method of hauling. All the facts are in the booklet "Executive Thinking," which is yours upon request.

Oldest and Largest Manufacturers of Truck-Trailers
FRUEHAUF TRAILER COMPANY • DETROIT
Sales and Service in Principal Cities



† Eighty-nine million pounds of butter and nearly two and one-half million cases of eggs were brought into Chicago in one year by motor truck. 95 percent of all milk is brought to cities by truck. This is typical of the part trucks play in serving America.

FRUEHAUF TRAILERS

"Engineered Transportation"

MORE FRUEHAUF TRAILERS ON THE ROAD THAN ANY OTHER MAKE

ourselves of our good fortune, and time that we men in business did all we could to encourage a positive psychology instead of a negative one.

It's one thing to hand out such slogan material helter-skelter; the test of the public demand comes when you ask the public to exert some effort. Larimore, to test his own enthusiasm against the public's, announced on September 11 that automobile stickers could be obtained at any one of the laundry's neighborhood stores. In the first week 17,000 stickers were called for!

The slogan goes national

ALONG with the stream of written and telephoned comments praising the laundry for its patriotic gesture, special requests began to pile up. The Miami American Legion asked permission to use the slogan as a banner for its unit at the Chicago Legion Convention. The National Laundry Association, meeting in Atlantic City, wanted five special billboard sheets and a presentation of the campaign's ramifications.

It made such an impression there that Larimore decided to release the slogan nationally, giving any firm that wished, permission to use any or all of his ideas without credit. The only stipulation was that all reproductions keep the same type style and the red-white-and-blue color scheme, to make for uniformity.

Back in Miami, requests continued to pile up, some from business firms, some merely from individuals who had seen the stickers on cars that passed through their towns.

For example, on October 6, the W. J. Jaeger Furniture Company of Los Angeles wrote for information. Four days later the Kansas City, Mo., American Legion Auxiliary wanted material. Next day the Ohio State Council of Retail Merchants in Columbus. On October 21 it was W. J. Ryder & Son, furniture dealers in Hibbing, Minn.

Further encouragement came from *The Starchroom Laundry Journal*, which, in its November, December and February issues, carried stories encouraging laundries everywhere to adopt the idea, and offering full cooperation in reproducing posters, cards, stickers and other advertising paraphernalia.

Late in January and early February the idea broke out simultaneously in Philadelphia, Indianapolis and Brooklyn. In Philadelphia the *Eagle Press* and, in Indianapolis, the *Pratt Poster Company* began laying out programs for several of their clients based on the patriotic theme. In Brooklyn the Pilgrim Laundry devoted 89 24-sheet billboards and 366

smaller three-sheet boards to their variation of the idea, in addition to newspaper advertisements, truck posters, letterheads and buttons. As in Miami, editorials hailed the gesture.

Said the Brooklyn Eagle:

It will seem to Brooklynites that the choice of the slogan "Isn't It Great To Be an American!" by one of our leading business institutions is a peculiarly happy and timely one. It is more than an expression of our patriotic sentiments. Not only does it mirror our happiness over being at peace, but also our appreciation of the fundamental liberties which we enjoy under our democratic form of government.

Continually the unexpected crops up, amazing in its variation. At the February masquerade ball of the servant staff of the swanky Hollywood Beach Hotel, some 15 miles north of Miami, three waitresses appeared before the judges in red-white-and-blue costumes carrying a ten-foot banner with the script "Isn't It Great To Be an American!" They won second prize.

Even the United States mails became involved. A month or so ago the Third Assistant Postmaster General sent Larimore a fervent note, backed up by a personal visit from the local postmaster. So many people were using the laundry's red-white-and-blue envelope stickers on ordinary letters which busy filing clerks mistook for air mail, that postmen were busy collecting postage due all over the country. So, at Post Office request, Larimore stopped distributing envelope stickers.

No question to Larimore

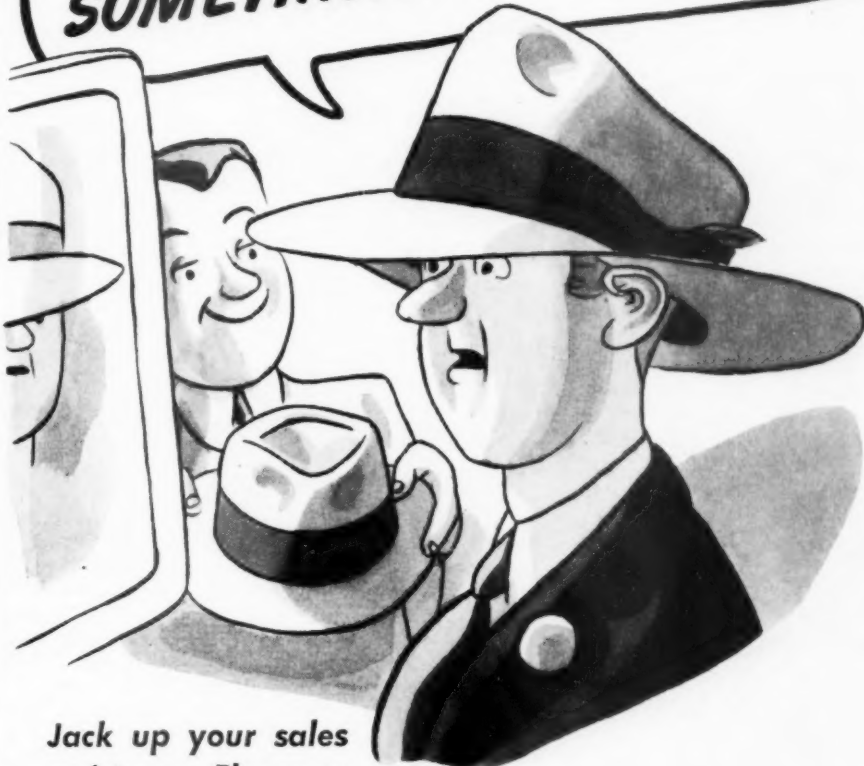
ONE incident nearly deflated Larimore's ordinarily buoyant spirits. A Miami newspaper one day underlined all stories on its front page with the black-type line, "Isn't It Great To Be an American?" Notice the question mark? Some linotyper's finger had slipped.

From that day on, Larimore has taken special care to point out the importance of the exclamation point to all who asked permission to use the slogan:

It's a positive thought, and it needs to be stated positively. One of our big troubles as citizens and Americans is that we've been uncertain and questioning too long. It's time we put an exclamation point into all our citizenship activities.

The other night Larimore and his wife attended the same theater where his idea was born last September. Once again a newsreel came on. Once again it was a war scene. But this time, across the bottom part of the film flashed the super-imposed phrase, "Isn't It Great To Be an American!" A local chain is using it now, in all war scenes, in all of its 22 theaters.

THAT'S A SMART NUMBER
BUT HAVEN'T YOU
SOMETHING MY SIZE?



Jack up your sales
resistance, Elmer, or
you'll walk out in
a diving helmet

THE clerk has some handsome hats but not a full range of sizes—and Elmer's sales resistance is so low it doesn't even show on the dial.

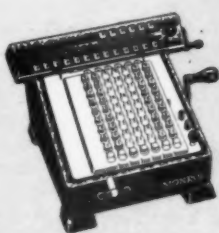
So if you stick around for another 5 minutes you'll see Elmer leave with his head wrapped in hat. When Elmer's wife sees him he'll go to a store that can fit him—he'll just be out the price of a hat. But the same situation can be really serious in business when, for the same reason, a figuring machine is sold that doesn't exactly fit the work to be done.

IT CAN'T HAPPEN WITH MONROE

Monroe has so many models it can fit **any** condition in **any** business. Take adding-calculators: Monroe has **no less than 24 models!** From the small, hand operated Model L to the great Model A-1, "master mind" of all automatic calculating machines.

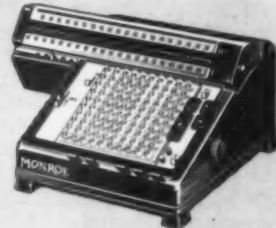
In short, **only Monroe** can give you the same precise "fit" in figuring machines that you have a right to expect in hats or shoes.

There is a Monroe machine for every type of business figuring—adding-calculators, adding-listing, bookkeeping, check writing, and check signing machines.



← Lowest priced keyboard adding-calculator on the market Model L. Multiplies, divides, adds, subtracts. Spot-proof keyboard. "Velvet Touch." Light weight portability. Hand operated ideal for office or home.

For easing the load of volume figures, Monroe Calculator A-1 has no equal. Completely automatic, with automatic short-cut multiplication—a new and unique time saver in mechanical figuring. →



MONROE CALCULATING MACHINE COMPANY, INC. • ORANGE, NEW JERSEY

Heard in the Market Place

Health in Capsules . . . Overselling the Salesman . . . "Manned by Women"

Vitamin glamour in foods and drugs continues its conquests. The dream of a day when a man can carry a week's rations in a vest pocket vial of concentrated pellets may not be here, but it is on the way. Vitamin capsules can be bought from night club cigaret girls or on the cosmetic counters of department stores under the attractive appeal of "Beauty through health." Vitamin vitality has even been offered in soap.

In Indiana the State Pharmacy Board challenged the right of food stores to en-



croach on the prerogative of drug stores to sell synthetic vitamins. The food people countered with the claim that they had always been selling vitamins in their foods, vegetables and meats, that if vitamins are anything they are food. "Right," the courts pronounced, in turning down the druggists' claim.

A new vitamin is discovered nearly every week. One was found to control the greying of hair, another the wasting of the sex glands, another the clotting of blood. Some of them are in families designated by letter exponents such as B₆ or C₂. Their potency is rated in U.S.P. units up to 50,000 a capsule.

So complicated has the vitamin science become that Abbott Laboratories issued for the use of physicians a special chart of its 44 vitamin products running from A to K and how to prescribe them. The chart cites 296 vitamin references in recent medical literature. Among the titles are "Nicotine Acid in the Prevention of Black-tongue in Dogs" and "Histological Changes in Skeletal Musculature of Paralyzed Suckling Young of E. Low Rats."

The Federal Alcohol Administration, while recognizing the tonic value of vitamins has declined to permit references to vitamin content on liquor labels.

The magic word has assumed such potency in the markets that Standard Brands recently formed a pharmaceutical division to sell certain yeast derivatives in bulk to the food and drug trades as vitamin sources.

Borden's markets a "modified," "homogenized" milk for infants with "Nature's

own equilibrium" of adjusted fats, proteins, carbohydrates and vitamins. Cocomalt budgets the average person's minimum daily requirement of Vitamins A, B and D in three glasses a day of its "Energy by the glassful."

In high-pressure selling the salesman is more sinned against than sinning. Some of the highest pressure is that used by certain sales managers to sell men on handling their line on a commission basis only.

A glance at the classified columns shows that unemployment has little effect on the number of firms that want salesmen who will assume all the risk in trying to sell their goods, using the salesman's own car and often even buying sales kit or samples.

"If you don't make \$100 or more the first week return your sample outfit for full refund," reads a typical "Salesmen Wanted" ad. "Only three easy, quick sales a day makes you \$25 to \$35 a week" is the golden promise of easy money in another. A great many ads for commission salesmen specify that the applicant "Must have car." Nothing is said about compensation for the use of the car, and yet as any driver knows, if much driving is done it costs \$20 a week and up to operate a car.

"Man with following" is a frequent stipulation in ads for commission salesmen. That line amounts to an attempt to obtain the customers of a competitor without even an investment in a guaranteed salary.

The objection to this signing of salesmen on the dotted line is that young men



lured into sales work with glowing promises of easy money become disillusioned and skeptical. Men with fine possibilities are forever lost to the selling profession.

Compensation on a straight commission basis in itself is not objectionable. But, when a young and inexperienced salesman is employed on this basis, the employer should be willing to invest something in training him. Sending young fellows out to punch doorbells when their apprenticeship has been confined to a pep

talk and the reading of an advertising circular about the product is to invite failure.

Worse than that, these novice salesmen working under short-cut managers are only strengthening the hostility of buyers toward all salesmen. Consumers have been so crudely bombarded on their doorsteps that the house-to-house selling job is becoming increasingly and unnecessarily difficult.

Commenting on George Payne's, "Why Salesmen Fall Down" in the April number, Ward Morton, a veteran salesman, says there is a correlation between high commission rates and high turnover of men. This indicates a failure of sales management—failure to select men intelligently and to give them the help that any salesman deserves from the company to which he is devoting his time. A small salary guarantee is the employer's evidence of faith in the salesman and in the product. A very high commission may indicate a lack of either.

Doctors' mails, contrary to a popular impression, are not deluged by advertising matter, says John E. Jeuck in *Journal of Business* published by the University of Chicago. A survey of 208 representative physicians disclosed that they receive an average of four pieces of mail advertising a day. More than 80 per cent of it is opened, the doctors said.

A merchandising stunt that always gets many lines of publicity, because it is novel and diverting, is Muzzy's Follies. Annually in February, dullest month of the year, Muzzy Brothers department store in Bristol, Conn., has a women's day "Manned by Women, Planned by Women, Jammed by Men and Women." For one day all men in the organization are



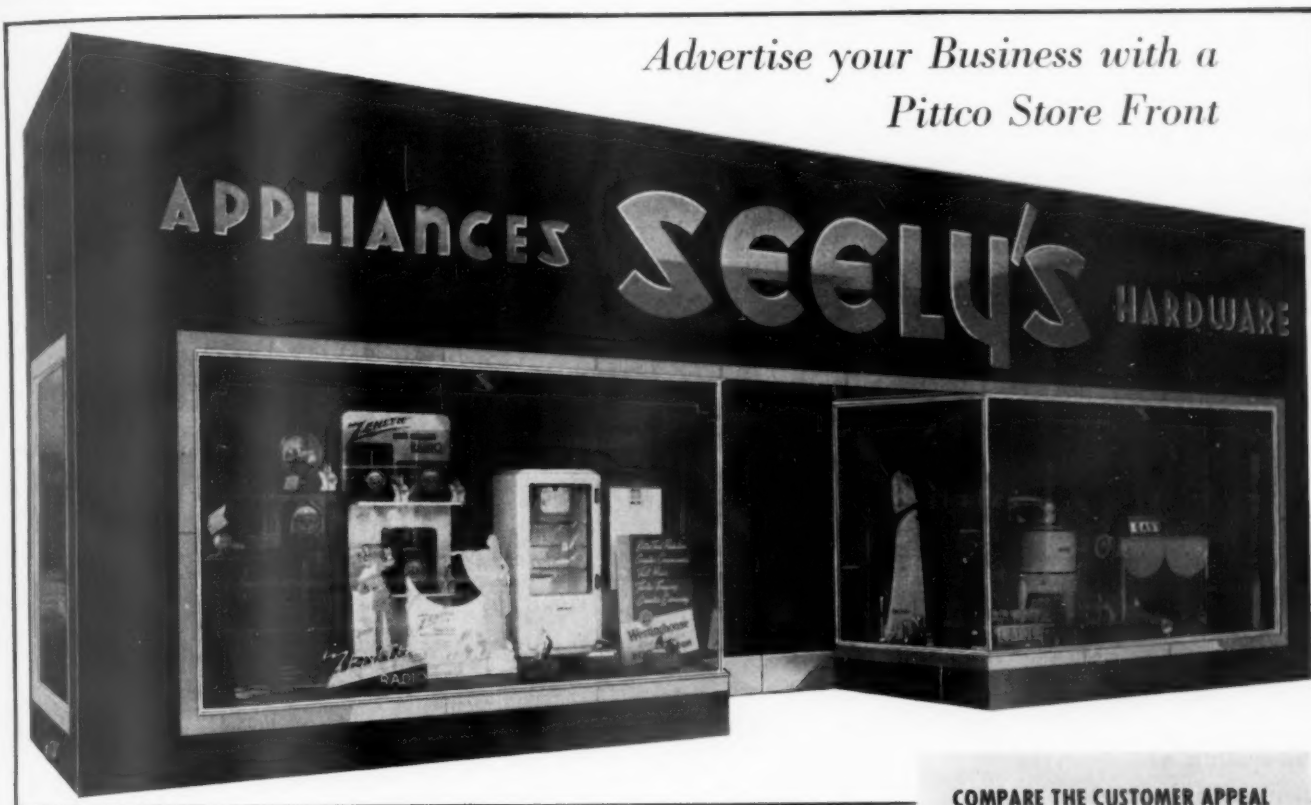
shunted into the stockroom and the women run the show. Officers of the firm stay at home and mind the babies while their wives go down to the store and serve wherever they are assigned. Even the delivery man masquerades for the day in woman's hat and coat.

Women employees are grouped permanently in a Red Team and a Blue Team for this big one-day sales contest. The losing teams later entertain the winners at a dinner and dance paid for by the management.

Of course the event is talked up and written up many days in advance because the object is to attract large crowds to the store. And it succeeds, writes Katharine White of the Women's Day Committee. This year she says the girls hung up a record she predicts it will be hard for the men to beat during the next Christmas season.

—FRED DEARMOND

DON'T LET THEM PASS YOU BY!



*Advertise your Business with a
Pittco Store Front*

A MODERN Pittco Store Front makes even casual shoppers take a second look at your store. And it often brings them inside, convinced that you have something extra to offer them. A handsome Pittco Front also impresses regular customers. It helps you to get new business and to keep old business.

All kinds of stores everywhere report increased volume, wider trading areas, soaring profits after remodeling with Pittco Fronts. Find out how a Pittco Front can make *your* business prosper. Send the coupon for our free book. It's filled with photographs and facts . . . tells the dramatic success stories of many Pittco-remodeled businesses.

See an architect when you remodel, if you want an economical, well-

planned job. Our staff of experts will cooperate with him gladly in planning a Pittco Front to suit your needs. And remember, you can use the Pittsburgh Time Payment Plan — 20% down, balance in monthly payments.

COMPARE THE CUSTOMER APPEAL
of this store in Columbus, Ohio before and after remodeling with a Pittco Front. The owner writes "...this front, along with relighting and rearranging our store, has allowed us to enjoy a very substantial increase in business."



At the New York World's Fair, see the miniature Pittco Store Fronts in the Glass Center Building, and the full-size Pittco Fronts of the Avenue of Tomorrow in the Forward March of America Building.

PITTCO STORE FRONTS
PITTSBURGH PLATE GLASS COMPANY
"PITTSBURGH" stands for Quality Glass

Pittsburgh Plate Glass Company
2387 Grant Bldg., Pittsburgh, Pa.

Please send me, without obligation, your new book entitled
"How to Get More Business."

Name

Street

City State

Washington and Your Business

"War Is Not Our Pigeon"

THIS department takes no polls but it is not immune to impressions. In talks with delegates from the South, North and West to the annual meeting of the U. S. Chamber of Commerce it seemed to discover that they are not greatly distressed about the possibility that we might be drawn into the war. These expressions about cover the ground:

It isn't our war;
Let Europe go on skinning its thousand year old cat;
All Europe will be bankrupt when the war is ended.
Let's stay sane and solvent.

Eastern Men Are Worried

EASTERN delegates were concerned by the constant iteration of the promise that "no American troops shall ever again be sent to Europe." The implication seemed to be that we might get into the war—of course on the side of the Allies—with money, credits, and perhaps ships, planes and pilots. Trouble is that war is not made that way. If we go in, we go in head over heels, like a dog in a pond. That is what the professional soldiers say.

Repainting of "Uncle Shylock"

SENTIMENT on Capitol Hill seems to be that, if we must spend more money on war, it should be spent in building up our own defenses. Little opposition to that idea. Leaders do not like the argument that the U. S. must huddle under Britain's wing for safety. They say that is humiliating, for one thing, and for another the wing isn't what it used to be. But the build-up for credits is beginning. Plans are being debated by which the Johnson Act might be bypassed if the plan to repeal it fails. Congressmen are recalling with a good deal of heat that, at the close of the first World War, the Allies still owned a good many hundred million dollars of good American securities, which they did not turn in against the debt they owed us.

Place Here for A Big Shiver

SOME leaders of Congress think that the invitation daily extended to have a few hysterics over the spy menace is a part of the propaganda scheme to warm us into a warlike mood. They approve of the Dies committee's work in finding un-Americans in the woodwork, but they point out that the F.B.I. does not seem to be gravely excited. J. Edgar Hoover's men concede that there are spies and saboteurs around, but they doubt that there are many of them. They think they can handle them. The most dangerous situation seems to be in the merchant marine and on the docks. It is very bad indeed.

Murder of a Little City

IT MAY not be revealing a secret to state that the F.B.I. thinks the labor racketeers are far more dangerous to this country than the spies and Bolshies and colored shirt organizations. Here's an instance. One nice little city of 33,000 lives on a single industry. The controlling company has kept the shops open although the stock has paid no dividends for years, and money could be saved by a transfer to one of its other plants. A five-sixths majority of its workers are wholly loyal. Yet a group of 40 or 50 imported thugs, bossed by a man who served four years in prison

for arson, may succeed in "organizing" them by threats of violence. If they do—and they call the strike they promise—the little city will die.

Company Fears to Talk Back

SOME of the worried workers asked the secretary of the local chamber of commerce to inform them on the facts, but the company's lawyer begged him to refuse:

Of course you are not an employee of the company. But the company is a member of the C. of C. The N.L.R.B. might rule that your statement is inspired by the company and, if a strike is called, that would put us behind the eight ball.

So a company whose roots go back to the American Revolution resigned its right of free speech.

W.P.A.'ers May Still Vote

THAT recalls the promise of Col. F. C. Harrington to the men of the W.P.A. that nothing will happen to them if they vote as they please in November. The inference is that some of them had asked about it. Harrington meant business when he said it. But there is only one Harrington and the politicians might tie his hands. Most of the 3,100 counties in this country are a long way from Washington.

Water On a Bill Wheel

OPPONENTS of the Walter-Logan bill, designed to reduce administrative agencies to some sort of judicial order, were jubilant when the Supreme Court sustained the Walsh-Healey Act. This grants the Government authority to fix minimum wages paid by companies holding government contracts. In writing the opinion Justice Black observed:

The record discloses the "confusion and disorder" that can result from the delays necessarily incident to judicial supervision of administrative procedure developed to meet present day needs of government. . . .

Lawyers friendly to the Walter-Logan bill maintain, however, that the Court's decision is not a permission to the administrative agencies to run foot-loose and fancy-free. It merely stated the "Government's unrestricted power" in certain contractual relations, and in fact emphasized the need for control of the agencies.

Opinion of a "Just Judge"

IN SUPPORT they quote from the decision of Federal Judge Merrill E. Otis, of the western district of Missouri. The law, he said, "exalts the administrative agency and correspondingly lessens the powers of courts of justice. . . . If the agency, actuated by pique or prejudice or class interest or a consideration of the number of votes to be gained by 'the party,' finds against the weight of the evidence, the reviewing court is helpless."

Those interested might examine the decision in full. This particularly applies to the congressmen who dehorned themselves by their okays.

Lifting Down the Flintlock

COL. O. R. McGUIRE was chairman of the committee of the American Bar Association which, after some years of labor, shaped the Walter-Logan bill. Recently he was named as the principal speaker for the General Contractors' Association in a southern city. Immediately various gov-

If you are a father who has this problem you may want to read part of this message to your son.



Is he old enough to drive?



Just Yesterday he was shooting marbles . . . Just Day Before he was cutting teeth . . . Now—he wants to take the car . . .

SOME BOYS mature automotively far earlier than others. To some, driving comes as easily and naturally as swinging a bat. The change from handlebars to steering wheel is as casual as from short pants to long.

Others bloom later.

You can drill a boy on driving technique, safety principles, traffic signals and etiquette.

You can set him an example of the financial and moral responsibility everyone should have who handles a car.

Beyond these things, your heart, your hunch, and a prayer must tell you when "he's old enough to drive"!

* * *

Aren't these somewhat the thoughts of a father, or mother, just before that boy goes out to drive?

MY SON:

You are now old enough, in my judgment, to drive our car. It is yours to use

as an instrument of convenience and pleasure. Your mother and I trust your ability to see clearly, think quickly and act decisively.

If you cannot or will not do those things, our persons and our property are still responsible for you before the law.

The roads you drive on are public property. You will find other drivers using them too.

There is a Golden Rule between men-in-cars and men-in-cars just as there is between man and man. Remember that.

Handling a car is a man-size job and a man-size responsibility. We think you are man enough for both.

Each time you take the wheel will you try to remember these things? And that your mother and I can't help watching and waiting for you to finish that drive?

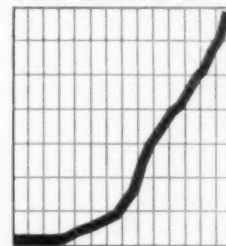
* * *

There is one way to protect your moral respectability and financial

responsibility as a car owner. That is through adequate automobile insurance.

PRESIDENT

THE CURVE OF CONFIDENCE IN LUMBERMENS



A Lumbermens policy on your car will help protect your home, your job, your savings, and your peace of mind. It is not the cheapest insurance you can buy, but it is the safest insurance you can buy at low cost. Lumbermens famous Curve of Confidence is an unbroken line of increasing assets, achievement, security and public faith. Your car needs, or may soon need, insurance. Now, or at that time, let our local agent tell you about the Curve of Confidence or write us for details.

Lumbermens

MUTUAL CASUALTY COMPANY

HOME OFFICE: MUTUAL INSURANCE BUILDING, CHICAGO
Operating in New York as (American) Lumbermens Mutual Casualty Company of Illinois



ernment agencies began to bear down on the contractors; "We want to see all your books," said the government men. "And you can tell that to your friend McGuire and see how he likes it."

McGuire told the contractors to tell the government men where to go. "They have no authority to go through your books on a fishing excursion," said he. But what can an individual do against a government? Or, anyhow, what will he do?

Snooting at the Good Neighbor

A SPECIALIST on S. A. affairs states that at least ten countries south of the border do not want any part of the proposed Inter-American bank. They may not put up any part of the capital required or play ball in any other way. They do not want to be good-neighbored. They say that, when the war is over, they can do better business with Europe.

Nothing to Be Done About It

WHEN the Germans invaded Norway, the British promptly took over control of the Norwegian mercantile fleet, the third largest in the world. "We'll take the ships now and pay after the war," they said.

This included Norwegian ships and cargoes lying at docks in the United States. The State Department was disposed to refuse its consent. But it became evident that the Norwegian ships could not move outside our three mile limit without being picked up by the British and so the S. D. reluctantly assented.

One Man Who Stands up

"I WOULD not consent to your publication of the name of the man or his company or his town," said the chamber of commerce secretary. "But I'll tell you the story."

The president of a small electrical manufacturing company lost his temper when the N.L.R.B. forbade manufacturers to discuss their labor problems with their employees.

"I'm still an American," he said.

So he put loudspeakers in his factory and every day he talks frankly to his workers. Lets them talk back, if they wish, also through the loud speakers. Up to date he has had no labor troubles, nor has the N.L.R.B. interfered.

One of the Time-Signs

THIS reminded a group of business men of one of the phenomena of the day. Wendell L. Willkie is not a candidate for nomination for the Presidency. He has no political manager, organization or delegates. Yet he has been boosted as a possibility all the way to the Seal Rocks. He has fought the New Deal whenever it interfered with business. He has just started a new suit against the S.E.C. in defense of what he asserts are the constitutional rights of the Commonwealth and Southern and, between times, he lambastes business for being "craven," in crawling to government to ask favors and then bellyaching when the favors turn the other way. Perhaps the shouting for Willkie means a change in the popular attitude toward business. Maybe it merely means that the folks like a fighter.

The Hill Hears from Home

EXPERT opinion was practically unanimous that the Walter-Logan bill had no chance of being made law at this session. It had passed the House but seemed to be stymied in the Senate. Then the Judiciary Committee of the Senate unanimously voted to recommend it. At the time of writing there still appear to be hurdles in its way, but one thing is certain. The Hill has heard from Home.

One of the Reasons Why

ONE possible reason why the Committee accepted the bill is that the exemption of the Government's lending agencies has been amended out in part. In the future the rules set up by the agencies can at least be examined. The Home Loan Bank Board, for example, has issued 50 pages of rules for the would-be borrower to obey. The Judiciary Committee seems not to have liked that.

Look Out: P.U.D.'s are Coming

P.U.D.'s are being set up in the northwest, where the federal hydro-electric plants must find a market for their power or be publicly shamed. If they cannot take the market away from the privately owned power companies, which have spent millions in development, they must sell to the companies. Therefore P.U.D.'s—public utility districts—are being created with the power to issue bonds and levy taxes, but immune to the obligation to pay taxes. In Washington, three commissioners can commit their districts to buy, condemn or construct a power system without reference to the electorate.

Mr. Revere Had Something There

FORGETTING the guerilla P.U.D.'s for the moment, the National Dental Association discovered recently that the first set of false teeth made for the First President by Paul Revere were equipped with springs at the angle of the jaws. Sometimes the springs locked and the Father of His Country was left in the middle of an oration with his mouth propped open. Regrets have been expressed that Mr. Revere's secret has been lost.

Hint of the Auction Block

IF A RECENT statement by Abe Fortas does not mean what a layman thinks it means what does it mean? He said that:

Once in awhile the S.E.C. will have something to trade. . . . If the need of the registrant is sufficiently urgent, a trade may be consummated. . . . In return for the favor of the Administration the registrant may amend its practices.

The significance lies in the fact that Fortas was once an S.E.C. lawyer, is now general counsel for the Bituminous Coal Division, and has been mentioned for the S.E.C. place left vacant by the resignation of George C. Mathews. He is a Corcoran man.

Let's Look A Little Farther

NO ONE, apparently, knows what 11-B of the Security Act means. It sets up flexible standards by which the S.E.C. may sanction the integration of operating companies into holding companies. The S.E.C. has ordered the major systems to conform, but has shed only the dimmest light on what they are to conform to. In quoting from the *Economist* of London:

The American economy seems to have forgotten, for the moment, how to grow; but the probable explanation of this economic anemia is to be found in the existence of institutional obstructions to a free flow of capital.

Wendell Willkie added:

"The taskmasters in Washington have taken away that freedom of economic enterprise which is vital to recovery."

Real Meaning of the Debt

ACCORDING to the Internal Revenue Bureau, the federal expenditures in 1929 were about equal to the aggregate net income of all individuals having incomes of more than \$150,000 a year. In 1937 the expenditures were equal to

the incomes of all individuals receiving more than \$5,000 a year. The 1940 data of the I.R.B. will show how much lower the debt line has been pushed.

They Say It's "Goodbye, Jim"

STORY goes that the third term pushers are confident Mr. Roosevelt will be nominated and elected. If and when he is given a third term a Cabinet weeding is to begin. Farley, Woodring and Perkins are on the elimination list. The young men propose to get rid of Farley as campaign manager as well, because he has rubbed several of their sensitive noses in the grit.

How to Fool the Critters

time I forgot to jump."

Attorney General Jackson and Budget Director Smith must have forgotten to jump when they put in writing that, under the fourth reorganization plan, the Civil Aeronautics Authority would be independent of the Department of Commerce, into which bin it was dumped. Even those who know little about how Governments are run know the C.A.A.'s budget would be a part of the Department's budget, and the hand that rocks the budget rules all the little parts.

Slow Fuse Is Now Burning

FEW recent incidents have stirred as much dust as the attempt to turn the C.A.A. over to Harry Hopkins. The C.A.A. was the one government bureau with a perfect record for a year. Not one life had been lost in a mainliner crash. All the airmen were in support of the Air Safety Board, which was abolished by the order. So far as known its only offense was a rather natural desire to perfect its organization.

The airline people felt the President's order was the worst possible advertising for air travel, and quite unjustified. The manufacturers feared a return of the costly licensing system. The C.A.A. had been free of politics, and his warmest friend must admit that Mr. Hopkins is not. J. Monroe Johnson, under whom as Assistant Secretary of Commerce many unpleasant things happened to the airmen, was nominated as a member of the I.C.C., and some rumbling was heard to the effect that Colonel Johnson is sandy, noisy, a belligerent New Dealer and a Deep Southerner. Members of the I.C.C. clamp their lips tight shut.

Honor To a Dialectician

Which is not much short of funny in view of the bilioning deficit.

Short Session May Develop

That is not likely, either, with election coming on. Nothing, so far as can be seen, will be done with either the Wage-Hour law or the Labor Act at this session. It is a reasonable probability, however, that both will be amended drastically at the next session. Much depends on what business men have to say to the legislators when they wing home.

Cool Defense of Both Acts

FACT seems to be that there are so many knots in the fabric of both laws that even their warmest defenders are not much more than cool. Twenty-four offenders out of 25 in one city did not even know that they had broken the Wage-Hour law, and the effort to make the laws work through administrative orders smells too much like the "government of men rather than of laws" of which the Walter-Logan bill's backers have had so much to say.

Swinging Back to Old Ways

THERE appears to be a fairly general feeling on The Hill that in the next session Congress will make a more determined effort to regain its position as a coordinate third of the Government. A guess is that the Hatch bill will be definitely strengthened—that is the cleaner elections law—and that even so case-hardened a body as the S.E.C. may come in with suggestions for the bettering of the Security Act.

Gossip is, by the way, that Jerome Frank may not resign and that, if he does go, it will not be soon. Other gossip is that the T.N.E.C. is somewhat aghast at the possible political effect of a year of club-swinging and that it will go into retirement until elections are over.

This Note in Passing—

CONGRESS gave the President power to control foreign holdings in this country, to head off any possible looting by Hitler.

But it specifically protected the Johnson and Neutrality Acts.

And So This Is Economy

MUST be something in Virginia's soil and water which favors the cultivation of mathematics. When Mr. Roosevelt spoke of seven hundred million dollars which could be recovered from various government corporations Senator Byrd spoke up:

"The money isn't there," he said. A Senate resolution was adopted asking for information on the whereabouts of the \$700,000,000. The money has not yet been found. Then up spoke Representative Woodrum of Virginia, when the appropriation bill was under consideration. He said his colleagues had headed toward "a record of fiscal irresponsibility that has never been equalled since the founding of our Government."

Mr. Woodrum noted that if the original budget estimate had been lived up to the national debt limit of \$45,000,000,000 would not have been exceeded.

"But there was an unexpected increase of \$200,000,000 in the national revenue and in spite of that we stand \$150,000,000 above the debt limit."

There are members of Congress who feel that some of the school teachers are quite right in teaching tatting and rhythmic dancing instead of arithmetic.

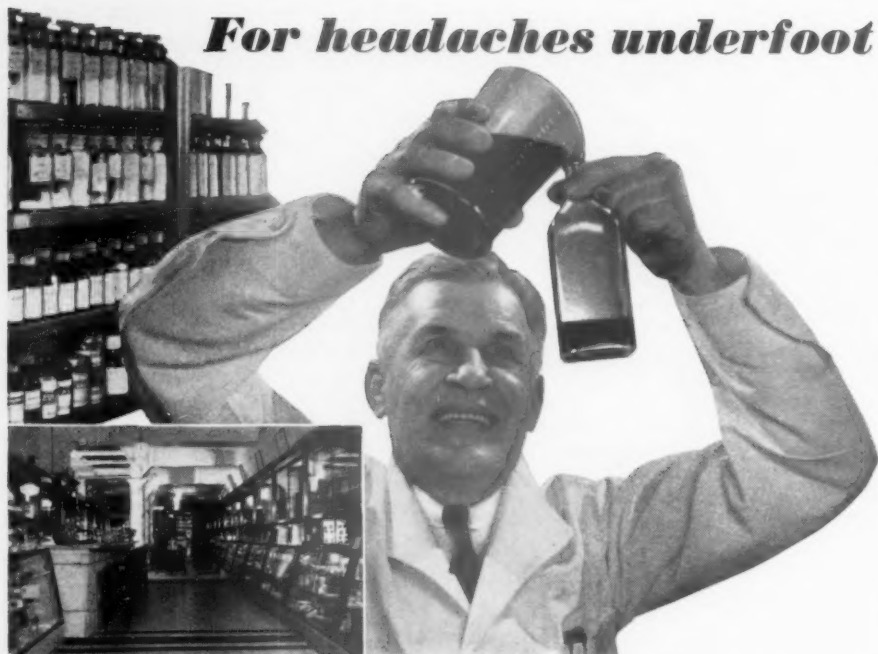
Sour Note for the Day

ONE of the veteran newsgatherers observes that when a reporter enters the elegant halls of the C.I.O. he is welcomed, given the story he came for, and told to call again. Whereas the growling begins in the A.F. of L. when the reporter opens the front door.

This might account for several things. Or be a consequence of, in a manner of speaking.

Herbert Corey

For headaches underfoot



Wake up your sales in your shop or store with a floor that sings out for trade. A gay, easy-to-clean floor of Armstrong's Linoleum will do it. With a clever inset design in the floor, you can also identify your business in a novel way, as demonstrated at the left by the C. H. Cooper Drug Store, Lancaster, Pennsylvania.



Build up your name with an advertisement underfoot. It's no trick at all to have your signature inset right in the floor when you modernize with Armstrong's Linoleum. And according to the Cahalan Drug Store, Wyandotte, Mich., it's a sure prescription for boosting sales.

Cut down your costs with floors that take traffic as well as make traffic. Armstrong Floors save cleaning costs and never require expensive refinishing. That's one of the reasons Hinkle's Drug Store, Columbia, Pa., chose the attractive Armstrong Floor shown here.

ARMSTRONG'S LINOLEUM FLOORS

Custom Laid or (A) Standard Designs

The right prescription

for your business floor can be found in the pages of "BETTER FLOORS FOR BETTER BUSINESS," the color-illustrated book that shows how other types of businesses are modernizing for bigger sales with Armstrong Floors. Write for your copy today. Sent free (40¢ outside U. S. A.). Armstrong Cork Company, Floor Division, 4006 Coral Street, Lancaster, Pennsylvania. (Makers of cork products since 1860)

PLAIN • INLAID • EMBOSSED • JASPE • CORK TILE • ASPHALT TILE
RUBBER TILE • ARMSTRONG'S LINOWALL and ARMSTRONG'S QUAKER RUGS

Why We Lack Skilled Labor

(Continued from page 26)

Angeles, and other industrial centers. From 16 to 20 major trades were taught in each of these schools, and enrollment was open to all students completing the grammar grades, as an option to entering high school. Much money was invested in equipment, and the boys were receiving proper apprenticeship instruction from qualified mechanic-teachers, together with instruction in history, civics, English, mathematics and mechanical drawing. It began to look as though industrial education was about to take its logical and rightful place as a major activity in our public school system.

The proponents of real vocational training were well satisfied with the progress which had been made, and believed it would be but a few years until schools such as these would be turning out all of the high-class skilled help industry could possibly absorb.

Before long, however, a number of states passed legislation making it mandatory for instructors in all secondary schools to hold college diplomas. Since public trade schools are secondary schools, and since the mechanic-teachers in these schools, like most journeymen mechanics, had never graduated from college, this automatically nullified the possibility of carrying out the intent of the vocational training acts.

Trade teachers were displaced

SINCE public opinion would not approve of the closing of the trade schools, the universities in the states affected—which included all of the industrial regions of the country—set up courses by which college students, utterly inexperienced as mechanical craftsmen, could major in education and at the same time be given a smattering of shop practice. These graduates were substituted for the journeymen instructors in the trade schools. Of necessity, trade instruction at once took on the form of manual training, since the new teachers were not qualified to teach anything else. No one but a journeyman mechanic can teach a trade as it should be taught.

That is the status of the public trade school of today and, until the policy of administration of these schools is changed, we cannot look to them for assistance in providing industry with trained men.

So we have the rather ridiculous situation of a public school system which is turning out millions of embryo engineers, lawyers, doctors and teachers (all of whom must attempt to make a living in these already overcrowded professions), but no skilled mechanics to fill the jobs that are ready and waiting for them at very good wages.

The only real "youth problem" in the United States is the problem of unemployment. When young people can go to

work as soon as they finish school they will have no time to sit around feeling sorry for themselves. Likewise they will not be ripe subjects for every crackpot politician and communistic agitator to work upon.

We will have a youth problem only so long as our educational system stubbornly persists in turning out as its finished product only unneeded professional men. Any shop foreman will tell you that a graduate mechanical engineer cannot do the work of a journeyman machinist without at least two years of shop training. If this is true, what chance has industry to convert these graduates into skilled workmen, even though they are willing to work at a trade?

A place for trained workers

INDUSTRY needs young men who have completed a *four-year* apprenticeship course in a public trade school, where shop instruction is given by experienced journeymen mechanics, not manual-training teachers. The "graduate" of the present two-year public trade school course is usually about 16 years old and knows just enough about a mechanical trade to be worthless either as an apprentice or as a journeyman. If he were 18 to 20 years old, with four years of proper trade training behind him, he could be inducted into industry at once and at excellent wages.

When the public trade school has been reorganized and staffed with competent shop instructors there will remain only the problem of making it possible for the employer to utilize these graduate mechanics without interference from the trade union. I believe this difficulty will solve itself automatically when the time comes. If industry *must* have skilled craftsmen and the union cannot provide them, then the union must step aside in favor of the agency which is doing this job for them. No prejudice should be permitted to exist against the hiring of competent graduates from a public trade school.

The original impetus which resulted in the passage of the Smith-Hughes and Smith-Sears Acts came from farsighted industrialists who foresaw the vital need for adequate trade training as a part of our national system of education. The rehabilitation of the public trade school is likewise a responsibility of the industrialist. When he demands this service from our educators, it will be forthcoming. Until then we will have no reliable agency in this country for developing skilled workmen.

When You Change Your Address

... please notify us promptly. Your copies of Nation's Business will then reach you without delay and without interruption.—NATION'S BUSINESS, 1615 H Street, N.W. Washington, D.C.



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WHY NOT *Bond* YOUR CUSTOMERS?

Your cashier and some key men are bonded. What about your *customers*? Which is really the greater hazard — defaulting employees or defaulting debtors?

With every shipment of goods, you lend your capital *without security*—you stake its safety upon the ability of your customers to meet their obligations. There's a better way. Why not follow the example of Executives in thousands of Manufacturing and Jobbing Houses, who "bond" their customers by insuring their accounts with

American Credit Insurance

The conditions are simple: All goods shipped under the terms of the policy will be paid for. You are reimbursed on insolvencies, including reorganizations under the Chandler Act; and delinquent accounts are turned into cash.

American Credit Insurance is obtainable in many different forms, covering almost every conceivable condition. Pioneers in insuring receivables, this company has protected millions of dollars of sales annually since 1893. Investigate.

American Credit Indemnity Co. of New York
J. F. McFadden, President · Chamber of Commerce Bldg., St. Louis, Mo.

OFFICES IN ALL PRINCIPAL CITIES OF UNITED STATES AND CANADA

No Business Can Escape Change

American business continues to fight for civilized progress despite foreign distractions

1 • GLASS block construction is now available for roof sections or floors. They are set in aluminum frames and have waterproofed seals so that no metal is exposed to the weather. The blocks are specially shaped for horizontal use and bear ordinary foot traffic.

2 • LABORATORY glassware is now available with a coefficient of linear expansion about one-fourth that of a previous low-expansion glass. It also has a high softening point and exceptional chemical stability.

3 • AN EASILY portable aluminum sectional ladder has light weight and sections short enough to be carried in automobiles. The 26 foot ladder has five sections of six feet each and weighs only 48 pounds.

4 • A NEW blotting device consists of a blotting roll with cover and handle conveniently arranged so that long lines can be blotted thoroughly with one pass of the hand. It has special value for book-keeping and similar work. Outer layers of the roll are quickly removed when used so that a fresh surface is always presented.

5 • A FIRE hose of new type has much greater flexibility, is easier to handle by firemen, stores in less space, and does not harden in below-freezing weather.

6 • A NEW type lawn mower cuts with a toothed blade sliding between fingers similar to field mowers but smaller and safer. It makes a nineteen-inch cut, adjustable without pliers from one-half inch to one and one-half inches from the root. The driving wheel is behind the blade and arranged so as not to flatten standing grass.

7 • A NEW relatively low priced densitometer which is specially adapted for color photography reads an area as small as $1/60"$, to the center of 16" by 20" plates, and with an accuracy of two per cent.

8 • AN OPTICAL device for sportsmen, drivers, and others exposed to over-bright conditions enables the wearer to cut down the brightness of what he sees by any amount he chooses. The principle involved is that of two sheets of polarizing material, one of which may be rotated about the axis of the other.

9 • TO PROTECT the appearance of shoes of workers handling foods, liquids, or chemicals there is a new protective shoe apron which fits over the vamp and upper front of the shoe. The apron is easily kept clean by washing with soap and water.

10 • A DEVICE to determine dew point of gases under pressure is simply operated and accurate over a wide range of pressures. Designed primarily for field work, it is supplied with carrying case and fittings.

11 • A NEW electric soldering iron is made with a tiny reservoir for molten solder which delivers a drop at a time to the work when a button on the handle is depressed. The iron leaves one hand free to hold or adjust the work. The spill-proof cup holds 48 average drops.

12 • A DOUBLE-HUNG window of new design has both sashes pivoted in center so that they may be swung open 90 degrees to allow maximum ventilation or 180 degrees to allow cleaning the outside from inside the building. When raised or lowered as ordinary windows, concealed screens appear.

13 • A MERCURY electric relay is now made with unbreakable mercury switch and solenoid actuation. The contact structure is hermetically sealed, making the relay suitable for use in corrosive or explosive atmospheres.

14 • A NEW low-cost time stamp has a base curved away from the platen for easy insertion of papers. Year, month, date, hour, and minute are printed in a straight line. An electrotype is available for any identification legend.

15 • WIRE wheel brushes of new construction offer extra density of wire with each tuft of wires fastened independently.

16 • A NEW tool-room machine combines in one compact unit a precision lathe, sensitive drill press, horizontal and vertical milling machines. It is easily adjusted, has simple controls, can be used for production of parts in small quantities as well as tool-room work.

17 • A SMALL twin-lens reflex camera is now made at practically box camera prices. It has a fixed-focus meniscus lens and the finder gives a full negative size image.

18 • A NEW degreasing solvent for cleaning garage floors, grease pits, auto parts and the like is described as non-inflammable and harmless to metals. After the solution is spread over the greasy surfaces and given time to penetrate the surfaces it may be hosed off.

19 • A NEW extruded tubing for electrical insulation has good mechanical strength, improved tear and abrasion resistance, greater solvent resistance, heat resistance sufficient to withstand soldering temperatures. It will make sharp bends without cracking.

20 • A SOLDERING iron of new design heats in less than a minute. It has a carbon electrode which concentrates the heat at the tip. Heating is controlled by a thumb-operated button so that it may be left plugged in without damage.

21 • TO FACILITATE thorough hair-brushing there is now a power-driven brush made in both professional and home models. The bristle sections are easily removed for sterilizing.

22 • A NEW product for removing bugs and bud residue from automobile finishes is simply sprinkled on a damp cloth and rubbed on the surface. Primarily for front fenders and aprons, it may also be used for chromium plated grills and windshields.

—W. L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



23 • STEEL that's tough and hard but not brittle is made by a new heat-treating process. It bends rather than breaks under pressure; is hard enough to scratch glass.

Building Costs Up from '39

EXCESS of U. S. families over available housing units is now as great as in 1922 when building boom of the '20's began. Building costs are climbing fast. House which could be built for \$5,000 in January, 1939, cost \$5,174 to duplicate at average January, 1940, price levels.

Increase last year of 401,000 U. S. non-farm families raised total to 28,301,000 as of January 1, 1940. Department of Commerce estimates also show 26,582,000 separate households, allowing for probable doubling, against 26,473,000 dwelling units currently available. Ratio of households to available dwelling units is 100.41, little changed from the peak of 100.49 reached at beginning of 1939, but still higher than the 100.35 ratio of January, 1922.

Building costs in 1922 were moving down from the dizzy heights scaled in the short-lived boom of 1919-20, Northwestern National Life Insurance Company points out in report on prospects for 1940. Building costs are now moving in opposite direction. Taxes have been a major contributor. Sharp rise since last September has been mainly in lumber prices. Three ruling factors are: Increasing effects of wage-hour legislation on industry, plus heavy domestic and increasing foreign demand. Wholesale lumber prices at points of origin were sharply higher than a year ago on most varieties of lumber.

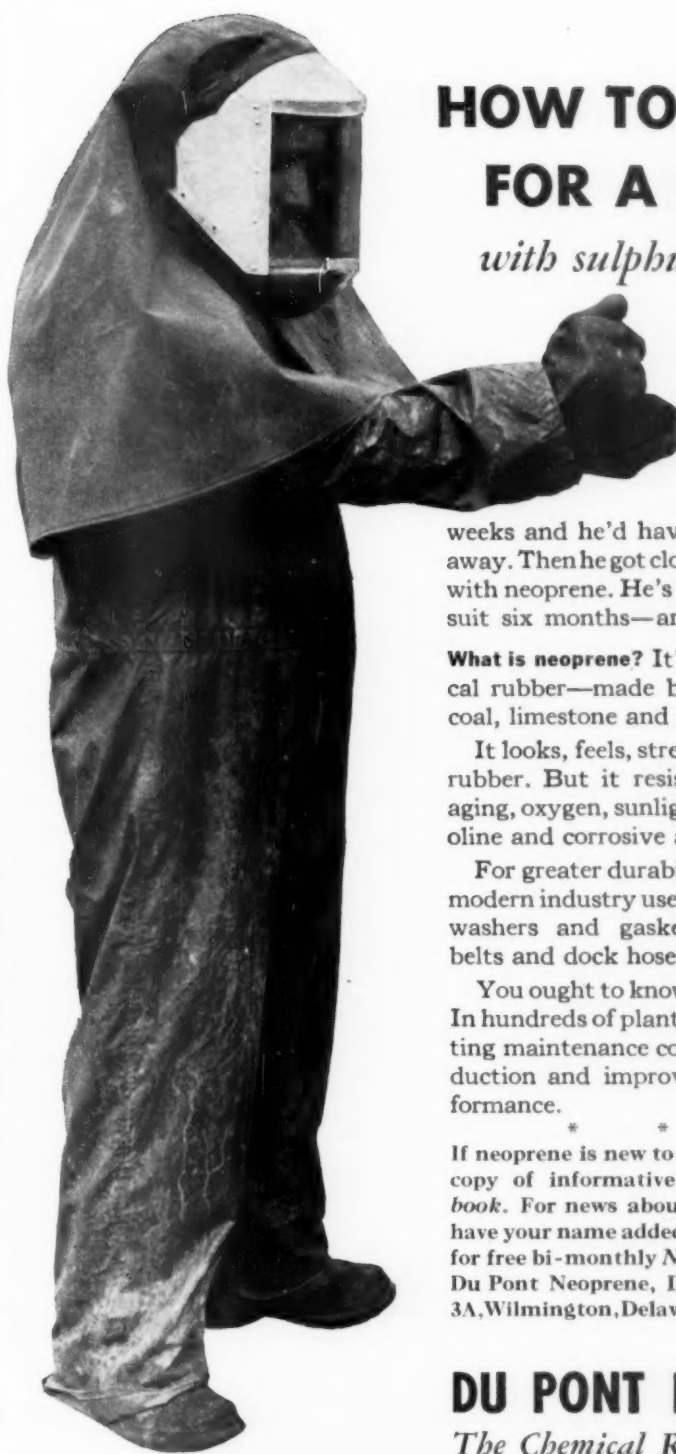
Construction labor costs in residential buildings have increased also.

Many skilled mechanics have operated as contractors and subcontractors, doing much of the labor themselves. Many of these men are now being absorbed into other industries, particularly war industries. As war continues, trend is likely to increase rather than decrease, with possible acceleration of the rise in residential labor costs.

Lumber represents from 25 to 30 per cent of cost of the average frame house. Every six per cent rise in average cost of all building lumber means a rise of \$100 in the actual cost of a \$5,000 house. Construction labor represents 40 to 45 per cent of cost. To this the builder must add approximately ten per cent in pay roll taxes, to cover social security, unemployment insurance, and workmen's compensation. Also owing to long rise in hourly rates for unskilled labor, skilled labor is now used almost altogether in residential building, because it is little higher and is naturally more efficient than unskilled labor.

Other factors have tended to offset uptrend in building costs. They include: Lower financing costs, which in many cases have reduced by some hundreds of dollars total financing charges.

Labor saving devices used by builders, plus better planning and much better mechanical equipment for the home, now deliver far more living comforts in the moderate priced house than even a few years ago.



HOW TO DRESS FOR A DATE

with sulphuric acid

DUKE SOSNOWSKI works in acid. He used to wear ordinary rubberized work clothes. Six

weeks and he'd have to throw them away. Then he got clothes impregnated with neoprene. He's been wearing this suit six months—and it's still good.

What is neoprene? It's the new chemical rubber—made by Du Pont from coal, limestone and salt.

It looks, feels, stretches like natural rubber. But it resists the effects of aging, oxygen, sunlight, heat, oils, gasoline and corrosive acids or gases.

For greater durability and economy modern industry uses neoprene—from washers and gaskets to conveying belts and dock hose for oil loading.

You ought to know about neoprene. In hundreds of plants it is already cutting maintenance costs, speeding production and improving product performance.

* * *
If neoprene is new to you, write for your copy of informative *Neoprene Handbook*. For news about neoprene, ask to have your name added to the mailing list for free bi-monthly *Neoprene Notebook*. Du Pont Neoprene, Dept. 3A, Wilmington, Delaware.



DU PONT NEOPRENE

The Chemical Rubber... made from coal, limestone and salt



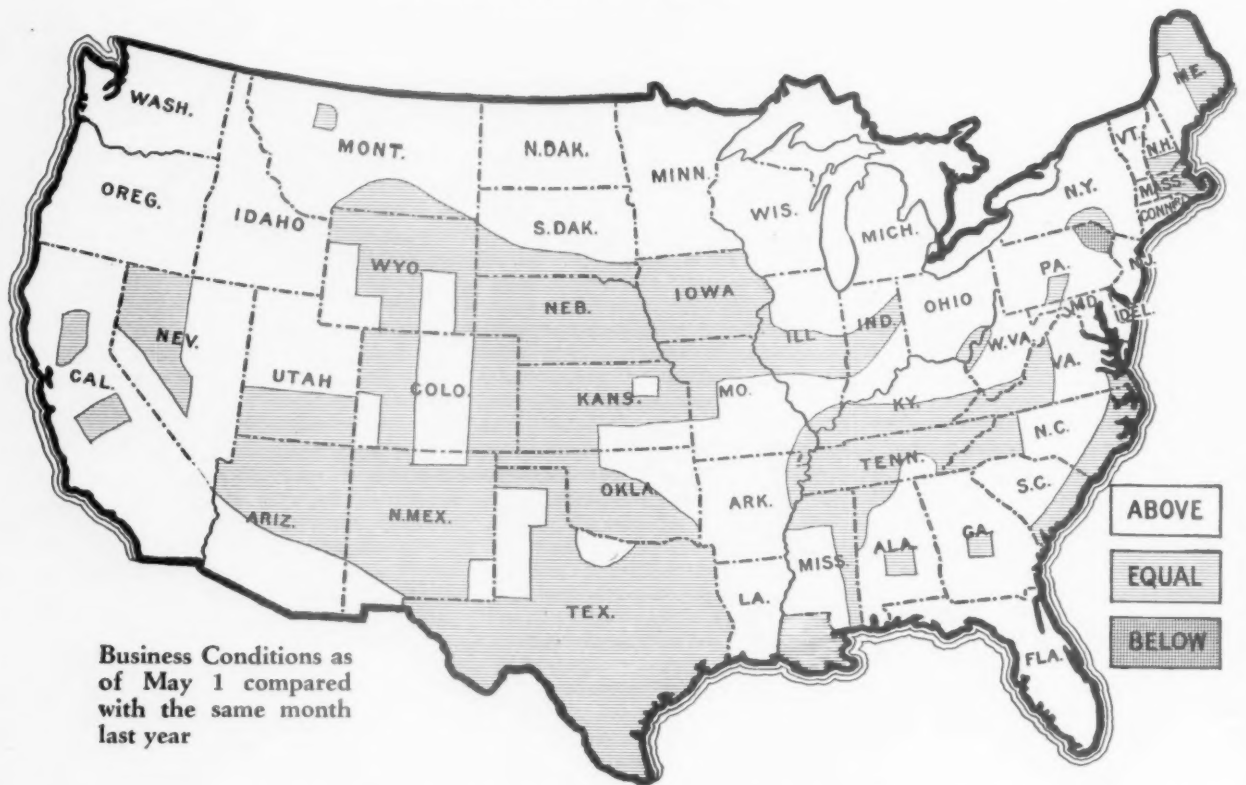
WORK GLOVES GET BIG HAND . . . For service in oils, greases, solvents, and acids, neoprene gloves outlast other gloves many times. Neoprene conveyor and transmission belts too are economical in tough service conditions.



IN MRS. HOUSEWIFE'S KITCHEN . . . neoprene soap dishes, sink and drainboard mats last longer. Also neoprene gloves, dish scrapers and garbage dishes. They laugh at daily grease, hot soapy water and household chemicals.

The Map of the Nation's Business

By FRANK GREENE

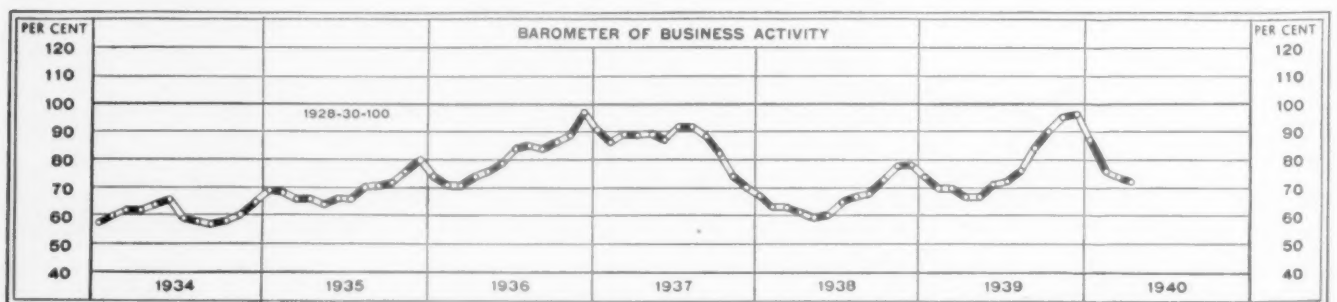


APRIL industrial activity held its ground at levels above last year. War exports proved an increasing factor in holding steel output close to the March rate. Shipbuilding and machine tool manufacture continued at capacity while aircraft plants speeded operations. Automobile production was well maintained with retail sales 30 per cent above April a year ago. Carloadings improved in comparison with 1939, while electric power output continued about ten per cent above the same 1939 period.

Extension of the war zone to Denmark and Norway resulted in higher food, commodity and paper prices. Demand for building materials was heavy despite a decline in total engineering awards, resulting from decreased public construction. Private awards, however, were 40 per cent above April last year, while residential building expanded.

Security prices showed little change but trading was more active and new offerings increased. Unseasonable weather and the earlier Easter retarded retail buying.

Enlarged shaded areas in this month's Map reflect the absence of Easter trade in April, plus unseasonably cold and stormy weather



Industrial activity was sustained at a fairly even pace throughout April. Only a slight drop was shown from March and the current rate is now about equal to the level before the war began

“Unforeseen events . . . need not change and shape the course of man's affairs”



MEMORIES...

The pennants may be taken down . . . the furniture moved about . . . but nothing will ever destroy, in the memories of two people, the recollection of this room as it once was.

The boy who used it will return from no distant port . . . for he never ran away. He will come back with no fortune made . . . for he left to make none. He left to try out a new fielder's glove . . . *and he ran into the street to catch a ball.*

It isn't to our credit as mature citizens of a civilized country that more than 3,000 youngsters will die beneath

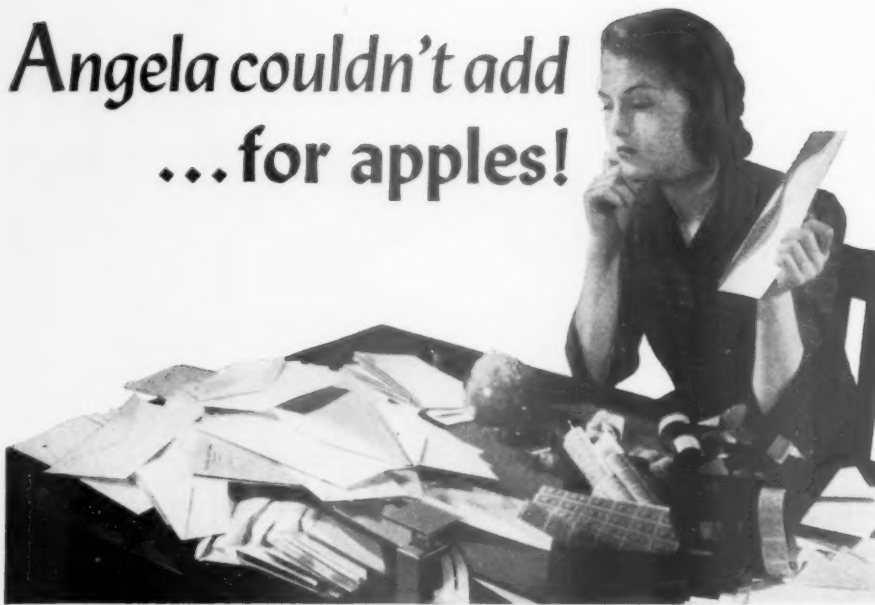
automobile wheels this year. We of The Maryland, both as individuals and as an organization, are pledged to help reduce the traffic toll. By safety work and with messages such as this we are achieving a measure of success.

Can we count on *your* help? It requires no sacrifice of time, no cash outlay. Just *drive carefully* . . . keep your hands on the wheel, your eyes on the road and your mind on the alert. Your care may keep a little face from becoming just a memory. Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland Casualty agents and brokers can help you obtain protection against unforeseen events in business, industry and the home.

Angela couldn't add ...for apples!



ANGELA was an ornament to any office. She charmed the customers, gave the right answers over the phone, was the almost perfect secretary. But her postage account was mostly bad debts and deficits—and she bought stamps *by color!* . . . Angela couldn't be stopped by arithmetic. She sold the boss on a Postage Meter demonstration!

Now Angela doesn't add any more. The Postage Meter keeps track of postage on hand, postage used; and always has the right answer. The Meter can't run out of postage denominations. Angela gets out of sealing envelopes and sticking stamps. The Pitney-Bowes Postage Meter *prints* postage, postmark, advertising slogan and seals envelopes simultaneously; provides postage for parcels on gummed tape. The office uses less postage. The mail gets out earlier, and so does Angela. As nobody can take postage from a Postage Meter, there are no more stamp shortages. Metered Mail skips cancelling and postmarking in the postoffice, too, can get on its way faster.

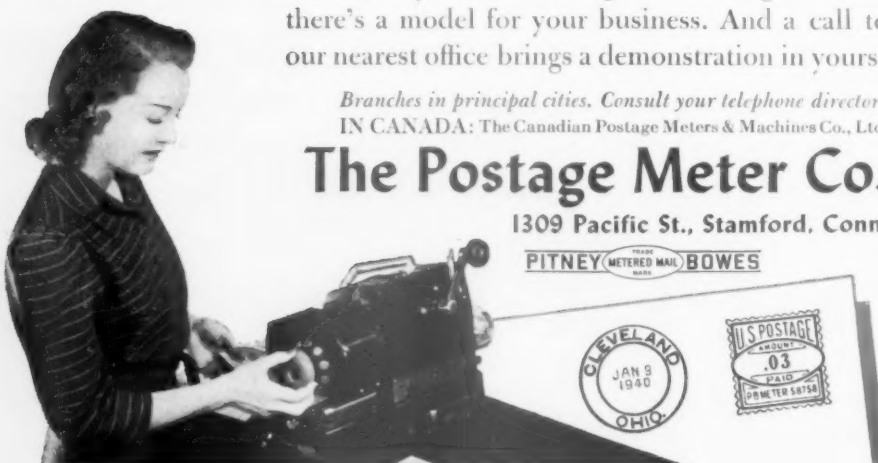
Introduce you to Angela? Sorry . . . But we can introduce you to a Postage Meter. Big or little, there's a model for your business. And a call to our nearest office brings a demonstration in yours!

Branches in principal cities. Consult your telephone directory
IN CANADA: The Canadian Postage Meters & Machines Co., Ltd.

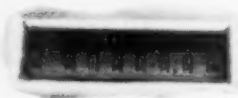
The Postage Meter Co.

1309 Pacific St., Stamford, Conn.

PITNEY (METERED MAIL) BOWES



POSTAGE AVAILABLE
is shown in this window.



POSTAGE USED appears
in this window.

MEMO . . .

for Busy Readers

An Audit of Fellow Feeling

SCOLDED roundly for cautious looker-on attitude toward direful goings-on in Europe and Asia, American people in face of heavy tax toll and generous response to organized hat-passing for domestic needs managed in first six months of European war to contribute \$9,000,000 for relief in belligerent countries and for aid of refugees fleeing war zones. Figure issues from National Information Bureau, New York. Twelve agencies got \$7,010,000, 72 per cent of total. Amounts credited to individual funds follow:

Finnish Relief Fund.....	\$2,500,000
(The total raised to March 31 was \$3,000,000, of which \$600,000 was received through the newspapers of the country.)	
American Jewish Joint Distribution Committee (to December, 1939).....	1,750,000
Hadassah, Inc. (Palestine).....	720,000
American Red Cross.....	650,000
(Expenditures for European war relief totaled \$1,170,000.)	
Church Committee for China Relief	250,000
Polish National Alliance of United States of North America....	240,000
Polish American Council.....	200,000
American Bureau for Medical Aid to China.....	170,000
Bishops' Committee for Polish Relief	140,000
Commission for Polish Relief.....	130,000
American Society for British Medical and Civilian Aid.....	130,000
American Society for French Medical and Civilian Aid.....	130,000

By April 1, 400 separate groups were listed as organized for war relief solicitation.

Where Relief Money Goes

WAGES for Work Projects Administration employees accounted last year for 56 per cent of the \$1,262,547,000 relief bill of 116 thickly populated urban areas. Per cent figure represents \$710,912,000 paid by federal Government. In 1938, W.P.A. wages amounted to 63 per cent of total relief bill for same urban areas, which include cities and counties of 50,000 or more population.

Amount spent last year by local governments of these urban areas for general relief totaled \$329,327,000, about 26 per cent of total relief bill. *Per capita* expenditures ranged from one cent to \$15.18 a person, included contributions for materials for W.P.A. projects, direct relief in cash and goods, and aid to needy veterans. Average *per capita* expenditure for all areas was \$4.93.

Total of \$221,802,000—17 per cent of total—was spent for aid to special groups of unemployables, such as the aged, the blind, and dependent children. Part of the funds for this aid was contributed by the federal Government un-

der the Social Security Act. On *per capita* basis, expenditures ranged from 80 cents to \$15.22. *Per capita* costs were over \$10 mark in five cities; below \$1 mark in three cities.

Further decline was reported in amount spent for relief by private agencies in the 116 urban areas. The \$12,322,000 contributed by these agencies represented .97 per cent of the total. In 1933, private agencies contributed 18 per cent of the aggregate expenditure.

Amounts spent per inhabitant vary greatly from area to area and from state to state, explains International City Managers Association in 1940 yearbook. Variations appear because localities and states differ greatly in ability to provide funds for general relief, and for participation in public assistance program under Social Security Act. Differences in standards of relief, cost and standard of living, and general economic conditions also affect comparative showing.

What Goes On American Feet

CELEBRATION of National Shoe Check-up Week by manufacturers and trade associations was occasion for checking America's footwear. Fact that only about 96,000 pairs of ballet slippers are made annually could be taken as hint of esthetic decline. Infants' shoes total has advanced to 23,237,000 pairs. Rubber heel is most popular single footwear item, aggregating 295,000,000 pairs annually. Rubber Manufacturers Association reported in a year American feet are protected by 20,125,000 pairs of arctics and gaiters.

National total of annual wear is around 501,972,000 pairs of shoes. Women wore two pairs to man's one.

Fair Mishaps Only Minor

QUESTION of how safe a world's fair can be made for visitors is answered by Greater New York Safety Council. In six months' attendance with admissions aggregating 32,846,761 no fatal accident occurred. First aid treatments given in exposition period totaled 2,410, mostly for injuries resulting from falls. Only one out of every 13,629 visitors suffered a mischance important enough to be made a matter of record.

Unsafe practices over which Fair management had no control were credited with 1,198 accidents. Example: visitors jumping over benches. Most accidents occurred in Fair's streets and roads.

Period between 4 and 6 p.m. was most conducive to mishap. Time from 2 to 4 p.m. was next in number of accidents. Hours most nearly clear of accidents were from 6 to 8 a.m.

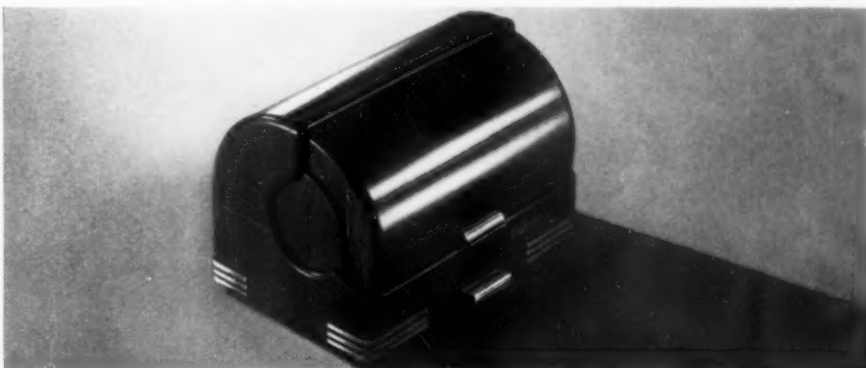
Fatigue was charged as cause of most accidents occurring in afternoon, with turned ankles ranking highest. "Tired feet," if treated at a first aid station, might be listed as an "accident."

Most mishaps were centered in Court of Peace or at Theme Center, where largest crowds gathered. Logical enough, the Council felt, in view of daily attendance averaging 177,550 for the 185 days Fair was open.

It's a Honey!



GIRL SAYS: "I'm a *real* secretary now—not just a stenog. My work's faster, smoother and so much easier now that the Boss dictates to that beautiful, beautiful new Ediphone."



EDIPHONE SAYS: "O.K., I'm beautiful—but I'm a brute for work too. I'm rugged, fool-proof and a glutton for licking detail." (So's the streamlined floor model Ediphone.)

BOSS SAYS: "Notes, letters and instructions don't pile up and cut in on *my* time. I *talk* my work away now—to a new Ediphone!"

WE SAY: In almost *any* executive job an Ediphone will save you time and trouble . . . *You* try one. No strings to the offer. Just write Dept.N6, Thomas A. Edison, Inc., West Orange, N. J., or Thomas A. Edison of Canada, Ltd., 610 Bay Street, Toronto.



SAY IT TO THE

Ediphone
EDISON VOICEWRITER

MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

Business Boom in Prospect?

THERE IS A growing feeling in the financial community that general business will show rapid improvement during the balance of the current year and in 1941. Many, in fact, believe that the first real boom in more than four years is now in prospect.

Those who hold this point of view claim that the European war, as it progresses, must inevitably have a beneficial effect on American business. With "war in earnest" now begun, they say, the Allies will have to look to the United States for materials of all kinds. And growing sympathy for the Allied cause, they believe, will result in a steady elimination of present restrictions. Some observers go so far as to predict that the Johnson Act, which prohibits the granting of credits to belligerent nations, will be repealed by next spring, and that the United States by that time will be throwing the full weight of its economic power back of the Allies.

Regardless of what caused the improvement, it was obvious, when the first quarter reports of leading corporations were published, that business had been enjoying a much more substantial recovery than had been expected. The first 250 corporations that reported for the first quarter showed combined profits of \$272,000,000, an increase of 50 per cent as compared with the \$181,000,000 reported by the same corporations for the first quarter of 1939. Predictions by corporation leaders as to prospects for the balance of the year were nearly all optimistic.

S.E.C. Gets Dose of Own Medicine

THE S.E.C., perhaps the most powerful of all federal administrative agencies, enjoyed the strongest sort of public support for a number of years. But, in exercising its discretion under the wide delegations of power granted to it under the laws it administers, the

S.E.C., in the opinion of many people, has greatly exceeded its intended authority and is doing things that Congress never intended it to do.

Protests from investors, corporations, security exchanges, bankers, brokers and utility companies mounted rapidly in recent months and finally culminated in outright demands for a congressional investigation of the Commission's activities. Once the most popular of all new agencies, the S.E.C. found public opinion turning.

Congressman Fred L. Crawford of Michigan introduced a resolution in the House calling for a thorough investigation of the S.E.C. This resolution won wide support, both in Congress and among the public. Congressman Cox (Dem.) of Georgia, recently stated on the floor of the House that "the S.E.C., as now functioning, is rapidly falling to the low level of the National Labor Relations Board." The Women Investors in America, Inc., has urged immediate passage of the Crawford resolution.

Administration leaders promptly replied that no investigation was possible this year. In a further effort to forestall any immediate action, the Commission announced its intention to modify some of its rulings. Then, as the pressure for action increased, supporters of the S.E.C. in Washington tentatively agreed to hearings at this time, provided only four witnesses would be called, and provided none of these witnesses would mention Jerome Frank or Leon Henderson in the testimony! Under this arrangement, no more witnesses were to be heard until after election. Not content with such sham investigation, advocates of the Crawford measure are pressing for a thorough and immediate congressional inquiry.

The Small Saver Takes the Rap

IT NOW seems probable that further reductions will be announced soon in the rates of interest being paid by mutual savings banks in New York and perhaps

other localities. New York banks are currently paying only two per cent as against 3½ per cent and four per cent some years ago; but the continued low yields on investments will probably result in a still lower rate.

This situation raises the question as to who has really paid the penalty for the Government's "easy money" policy in recent years. The chief beneficiary of the policy, of course, has been the federal Government, which has been the biggest borrower of funds since 1933. And the Administration points with great pride to the low rate of interest currently being paid on the federal debt. This is supposed to represent a great saving to taxpayers.

What many of the taxpayers may not understand is that the deliberate easy money policy that enables the Government to finance so cheaply also reduces the available yields on all other types of investments. This reduction in general investment yields means that millions of individuals have suffered reductions in the interest rate on their savings and in dividend returns on their life insurance policies.

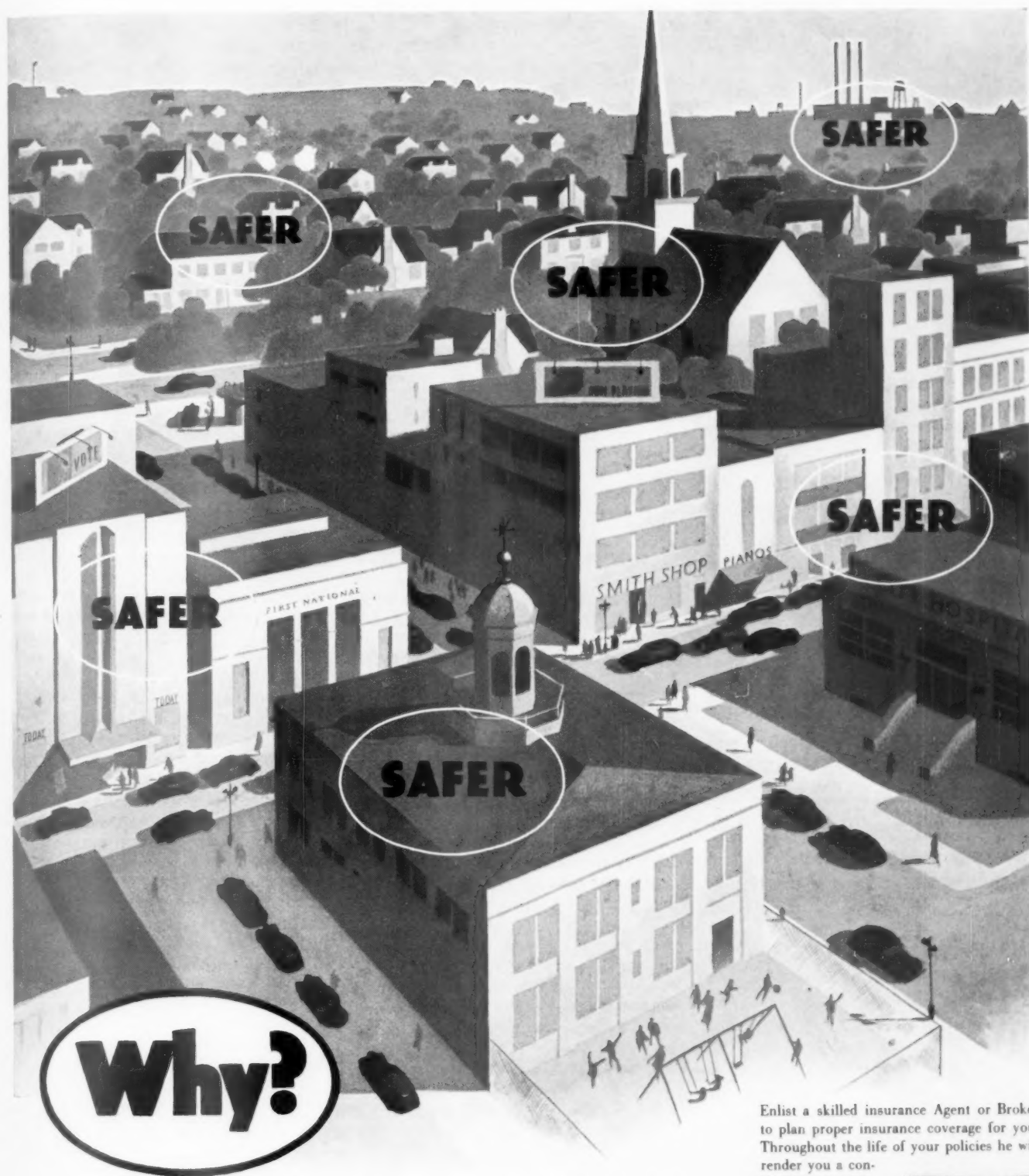
Because the total of private investments is much greater than the federal debt, the loss in income that the public has suffered on its private savings has far exceeded the savings in interest on the federal debt. So the millions of persons who hold savings accounts, insurance policies, or individual investments have not only paid the difference between the old and new rate of interest on the federal debt but, in addition, have suffered an unwarranted loss far beyond that amount.

Business Men Do Cooperate

WHEN business men in recent years have objected to proposed "reform" legislation, the Government's complaint has been that they offered nothing but destructive criticism and were unwilling to help formulate alternative legislation. The cry has been, "Business men won't cooperate!"

During the recent hearings on the Wagner-Lea bill for federal regulation of investment companies, leaders of the investment trust business attacked the bill vigorously, and members of the Senate Committee and the S.E.C. staff raised the old complaint of non-cooperation.

At the conclusion of the hearings, however, the investment trust people confounded their critics by submitting a complete outline of what they regarded as workable legislation, embodying 33 points, all within the existing framework of the Wagner-Lea bill. This program was presented on



Enlist a skilled insurance Agent or Broker to plan proper insurance coverage for you. Throughout the life of your policies he will render you a continuing service.



fighting apparatus, better fire drills in schools.

Why do they bother? Making property safer . . . besides being humane . . . is plain good business. Making fire behave reduces the losses . . . and reduces the price you pay for insurance.

THE NATIONAL BOARD OF FIRE UNDERWRITERS
85 John Street, New York Established 1866

In your town, this minute, a force you never see is helping your town *keep fire in its place*. The home you live in, the church you worship in, the school to which you entrust your child, the hospital and your whole town . . . each is vastly safer from fire.

This servant of yours is 200 capital stock* fire insurance companies. Through their public service organization, The National Board of Fire Underwriters, they have promoted improved building codes, safer electrical home appliances, adequate water supply, more efficient fire-

***CAPITAL STOCK COMPANY FIRE INSURANCE** provides sound protection at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized public services are national in scope. Its system of operating through Agents everywhere gives prompt personal service to policyholders.

THERE'S ONE WATCHCLOCK DESIGNED FOR YOU

● No one watchclock can exactly fit the requirements of every business. The basic needs of the small factory with two or three stations is different from the large industrial plant where many watchmen must constantly patrol yards and buildings to assure adequate protection from fire and theft.

Because the Detex line is complete, including four separate types of portable models as well as stationary and electric clocks to meet special conditions, the Detex Watchclock Corporation is in a position to give you unbiased advice on the one watchclock best suited to your needs.

See your nearest Detex agent or write direct for further information.



DETEX WATCHCLOCK CORPORATION
80 Varick St., N.Y. 4153 Ravenswood Ave., Chicago, Ill.
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DETEX

WATCHMEN'S CLOCKS
NEWMAN * ECO * ALERT * PATROL

behalf of 25 different investment trusts, whose representatives had worked it out in joint sessions.

Far from using obstructionist tactics, the investment trust industry, by this move, did much to help the Senate Committee to get action on a non-controversial bill at this session of Congress, if the Committee chooses to attempt that. From the outset, leaders of the trust business clearly stated that they were not opposed to federal regulation of their business; and they proved their sincerity by proposing regulation of their own. They were, however, opposed to the Wagner-Lea bill, which arbitrarily limited the size of investment companies; restricted the right of an individual to organize new trusts; disqualified thousands of able men from service on investment company boards; forbade the issuance of senior securities; and gave the S.E.C. almost unprecedented authority.

It will be interesting now to see whether the Senate Committee, which asked for the recommendations of the trust industry, will really give the program the serious consideration to which it is entitled as the composite view of the leading companies in the business.

Mr. Frank's New Equity Banks

SHORTLY after Jerome Frank, Chairman of the S.E.C., proposed that a new type of agency be organized to provide long-term equity capital to small business, the statement was made here that Mr. Frank evidently proposed to take the whole matter out of private channels and place it with the Government. Mr. Frank protested that interpretation of his views and supplied testimony he had given on that subject, which indicated that he had proposed, not an outright government agency, but an agency to be sponsored jointly by the Government and the public. Under Mr. Frank's plan, the Government would subscribe to the preferred stock of a series of regional agencies, while the public would supply the common stock capital and hold the voting power under ordinary circumstances.

In a recent speech in Cleveland, Mr. Frank elaborated his views on this whole subject of equity financing for small business, and dwelt at some length on the present costs of small stock issues. He emphasized, however, the cost of underwriting such issues, rather than the cost of registering them under the Securities Act.

Making it clear that he was not criticizing the spirit or motives of underwriters, Mr. Frank said, "Our figures show that for small issues of common stock registered with the

S.E.C., the underwriting charges alone run to nearly 20 per cent of the issue." This high cost of underwriting, he said, placed small business at a disadvantage, and constituted the chief reason for his proposal of a new type of equity financing agency.

About a week later, Peter R. Nehemkis, Jr., of the S.E.C. staff, speaking at Newark, on this same subject of the financing of small business, seemed to get his wires crossed with those of his chairman, Mr. Frank.

"The major source of equity capital for small enterprises," said the more realistic Mr. Nehemkis, "has always been the wealthy individual who was familiar with the business, its management and the locality in which it operated. Today, 'angels' for small business are scarce. Your moneyed individual feels that the speculative profits are not worth the risk; he prefers to play safe and put his money in tax exempt government securities."

There you have it in a nutshell. Small business doesn't look to public issues for its capital in most cases. If small business is unable to obtain capital, it is not due to high underwriting costs on public issues, but to the unwillingness of individual investors to take an interest in such enterprises. Mr. Nehemkis says so. And the fault for that condition lies in the tax laws that stack the cards against any individual seeking speculative profits in small business ventures. So the blame must be placed on the Government itself.

Having thus hamstrung the small business seeking capital, the Government, instead of correcting its tax policies, chooses instead to advocate a new type of financing institution in an effort to give back to small business with its left hand what it has snatched away with its right.

It would seem that the objective Mr. Frank is seeking could be attained more soundly through revision of the tax laws to encourage participation by individuals in small business; and by relaxing the requirements of the Securities Act for such small companies as wished to raise capital through public issues. This could be done by abbreviating registration procedure, so as to make it less costly, or by exempting from registration all issues of less than \$500,000 or even \$1,000,000 instead of \$100,000 as the Securities Act now provides.

Advertising of Savings Bonds

WITH the securities business still in the doldrums, brokers and investment dealers might study with great profit the results achieved by the U. S. Treasury

through nation-wide advertising of U. S. Savings Bonds.

Although they were first placed on the market only five years ago, U. S. Savings Bonds today are held by more than 6,000,000 investors. And the credit for this amazing sale and distribution is given to advertising. Perhaps popular education on the merits of private securities through advertising and other merchandising methods could be used with effectiveness by investment dealers and brokers.

J. W. Bryan, chief of information for the Savings Bond Division of the Treasury Department, says that every dollar spent on advertising Savings Bonds brought a return of \$1,000. The campaign included not only publication advertising but the largest direct mail effort the world has ever seen. And repeat buying, he said, was an important factor in the cumulative benefit of the advertising. Analysis of recent sales, which average about \$1,800,000 a day, shows that 78 per cent of the purchases come from those who have bought Savings Bonds before.

America Grew On Its Troubles

ONE of the country's largest brokerage houses, instead of waiting patiently for business to improve, has decided to do something about promoting the advantages of investment. Fenner & Beane, members of the New York Stock Exchange, in a move almost unprecedented in brokerage circles in recent years, has launched an advertising campaign extolling the advantages of security investment and reminding people of the rewards won in the past by courageous investors who wouldn't let temporary difficulties distort their vision of the long-term future.

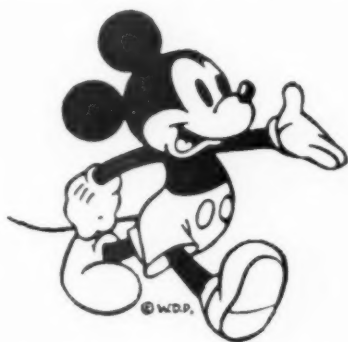
The first advertisement in the series, which attracted wide attention when it ran in New York City newspapers and national magazines, was headed "Despite Troubles America Grew Great." The copy read:

We are exhorted on all sides by calamity howlers. They remind us of our troubles so often that we might be in danger of developing a national inferiority complex, except for one cheering fact: America has *always* had troubles—and always will have. Those prone to view with alarm were predicting our national doom back in 1837, in 1870, in 1893 and again in 1907. They are still doing it. But they have always been wrong. Meanwhile fortunes have been made by workers, business men and investors who kept their faith in America in spite of all the evidence that the country was well on its way to the dogs. . . .

History repeats. While the anvil chorus has distracted our attention, recovery from past excesses has been going on right under our eyes for eight years. Since 1932, the value of listed stocks, owned by millions of men and women, has risen

How Mickey Mouse joined our family

by Westinghouse



hundreds of new dies — we hired salesmen who knew dishes and tumblers rather than switches and plugs — and almost before we knew it, had an important new business on our hands.

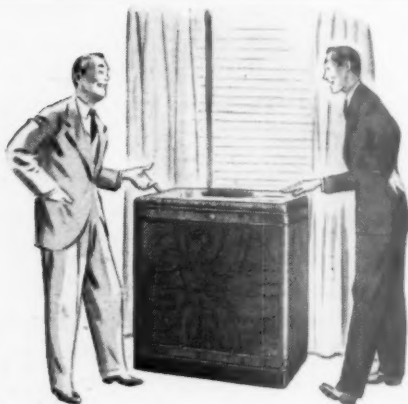
- *Our first big hit* was with children. They were delighted with fascinating dishes decorated with pictures of Mickey Mouse, Snow White, and other lovable people who live in story books. *We have sold millions of dishes glorifying Mickey and his gang!* And millions of gaily colored spoons, plates, tumblers and kitchenware, all identified by the well known names they bear — Hemcoware or Safetyware. That ashtray on your desk, the plastic housing of your new electric razor or the beautiful plastic cabinet of your bedside radio—they probably are all of our make.
- *Today*, this plastics plant is busy with orders from chain and department stores from all over the country . . . from sales organizations who use these products for premiums and novelties . . . and from manufacturers who are using plastic parts in their products.
- *To us* Westinghouse people, trained as we are to do years of research before launching a new electrical product, this overnight success that seems almost to have come out of the air, is startling and refreshing. Actually, of course, it did take a lot of planning and good team work—but still, it's fun to look back and see how Mickey Mouse came to join the Westinghouse family.
- "Plastic dishes with pictures of Mickey Mouse—how in the world did Westinghouse get into that line?" asked a buyer. Well, it's an odd story, showing how the logic of production sometimes leads to surprising answers.
- *Among the many* electrical products that we make are the outlets, switches, plugs, fuses and other little connections needed in a wiring system. They are known as Bryant and Hemco wiring devices, and are made in our factory in Bridgeport. In 1928, when the amazing possibilities of plastics were startling industry, we took over a nearby plastics plant to mould these various devices.
- *The capacity* of this plant was greater than our needs, so we either had to cut it down or find new uses for plastics. About that time, scientists created new plastics in vivid, rainbow colors—marvelously suited to tableware, toys, smokers' fittings and hundreds of such things. It seemed a long jump from dynamos and motors, but we had the plant and the plastics, so we plunged into the new field.
- *Famous designers* went to work — skilled tool makers made

"I can't afford to suffer from the heat!"



1. Last summer's heat got me down!

My work suffered. I was grouchy as a goat. I can't afford to let that happen again. And believe me, I'm not going to! I know the answer!



2. Here's what I've done about it—

Bought myself a Frigidaire Portable Air Conditioner. See, it's a man-sized conditioner, big enough to do the job! It cools, wrings out humidity, cleans and circulates the air—really "beats the heat!"



3. See how simply it works!

I set the cooling dial at, say 76°. When the room gets that cool, the cooling mechanism turns off by itself. With this other dial I prevent drafts by controlling the direction of air flow. Believe me, there's no other like it!



4. How about the cost?

Say, at its new low price I figure this Frigidaire Conditioner is a profitable investment in my job and my comfort. Besides, the exclusive Meter-Miser Mechanism keeps operating costs way down, and is so dependable it's protected for 5 years against any service expense!

• Don't put up with hot weather torment any longer. Frigidaire's sensational new low price and easy payment plan make this one of the best investments you've ever made. Phone nearest Frigidaire air conditioning dealer for all the facts. Or write Dept. RSA, Frigidaire, Dayton, Ohio, for representative to call.

Only the Frigidaire Portable Air Conditioner has all these!

- Low price you can easily afford
- Full $\frac{3}{4}$ horsepower cooling capacity
- Exclusive Meter-Miser Mechanism
- 5-year protection against service expense on the Meter-Miser
- Thermostatic temperature control
- All functions of true air conditioning
- Portable—no plumbing connections
 - Circulates clean air the year 'round
 - Filters out pollen and dust



Frigidaire Products include: Air Conditioners, Water Coolers, Beverage Coolers, all types of refrigeration equipment for every need. See them when you visit the General Motors exhibits at the New York World's Fair and Golden Gate Exposition.

\$30,000,000,000. Annual national income has increased by \$16,000,000,000. New industries and amazing new products have been developed. New fortunes have been built. Others are in the building.

Banks' Interest in Gold Imports!

IN A recent newspaper article, Boake Carter, well known as a columnist and radio commentator, criticized the New York banks, claiming that, for selfish reasons, they were urging the U. S. Treasury to continue its purchases of gold from foreign nations.

"Originally," he stated, "the gold purchased was 'sterilized'. But the banks of the country put on pressure. The gold passes through their hands now. They receive their cut. So a new and powerful vested interest presses on the Government to keep on buying the world's gold."

No such accusation is justified. The fact is that about 75 per cent of all gold imported into the United States from abroad is consigned directly to the Federal Reserve Bank, which handles it for the Treasury free of charge. Of the remaining 25 per cent, about half is received on consignment by various New York banks, which receive for their work in handling such shipments a fee of one-quarter of one mill, or \$250 per \$1,000,000. In cases where the banks buy the gold abroad, their compensation averages about one-eighth of one per cent. Even insurance companies and shipping companies make far more profit out of gold shipments than the banks do. Moreover, Mr. Carter should know that sterilization, or desterilization, has nothing to do with the actual shipment of gold or with the return which a bank receives for handling gold imports.

The total gross income of all New York banks in connection with gold shipments last year would probably not exceed \$600,000. As this was divided among many banks, and as all the banks had substantial expenses in the handling of the business, it should be obvious that no one bank makes much profit out of this business. The banks are more concerned with the vital aspects of gold imports as they relate to national monetary policy and the country's economy than with the comparatively small commissions earned on gold shipments.

Mr. Carter should also be reminded that the banks did not bring about the present gold dilemma. The present gold policies, which are a source of great concern to many bankers, were adopted by the Administration which, in spite of the opposition of most leading bankers and economists, devalued the dollar, raised the price of gold and thereby invited huge shipments to the United States.

Capital Can't Pull Unless It's Free

(Continued from page 70)
credit banks" or "industrial loan banks"—and ask for funds. The bureaucrats will tell you whether your business may grow or die.

This doctrine, which is the essence of pessimism, has been elaborated with charts, tables of statistics and a parade of testimony before the Temporary National Economic Committee in Washington. Its proponents have tried to make us believe that, whether we like it or not, they have incontrovertible facts on their side. Stuart Chase, who was employed by the T.N.E.C. and who has written magazine articles expounding the death of private-enterprise capitalism, exudes assurance that any solution except that of government-do-everything will fail.

The T.N.E.C. called before it Professors Alvin Hansen, Lauchlin Currie and Oscar Altman. These men all subscribe to the same school of thought; they all want the Government to take over from private hands the function of investing our savings. The T.N.E.C. did not call economists like Slichter of Harvard, Reed of Cornell, Marget of Minnesota or Fairchild of Yale, who have so ably criticized the theory of bureaucratic investment and who have asserted that private investment can turn the trick if the Government will give it a chance.

Testimony not balanced

SIMILARLY, when the T.N.E.C. wanted to "prove" that industry was "mature" and wouldn't need to borrow any more of our savings, the young Securities and Exchange Commission lawyers who stage-managed the hearings took testimony only from well established, high-earning companies. They didn't take testimony from officials of companies like Monsanto Chemical, which has financed its spectacular growth by public borrowing. Neither did the young lawyers ask questions to bring out the fact that companies like General Motors and General Electric, although they may be relatively self-sufficient now, got their start by borrowing from private investors.

The idea that business doesn't need capital to expand is, of course, nonsense. For ten years we have suffered a dearth of investment. Borrowing for expansion and replacement which might have been done has been postponed because of the political storm clouds which were being blown around the head of business. The potential replacement demand in four industrial groups alone—railroad equipment, farm machinery, construction equipment and the automobile industry—has been estimated at \$19,000,000,000. Estimates of the "overall" requirement for capital just to restore our national factory to the 1929 level of adequacy range from \$25,000,000,000 to \$40,000,000,000.

After a careful statistical study of our

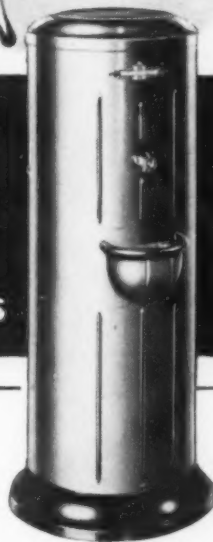
Water Cooling?



"Everybody's happy now we've got FRIGIDAIRE Coolers... workers, customers and our treasurer, too!"

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Cut Cooling Costs with
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• Installing Frigidaire Water Coolers before hot weather really sets in is mighty good business! For these economical and dependable units make work more agreeable for employees and build both customer and employee goodwill. Because of their Frigidaire construction, they offer superior cooling results at less cost, saving you money over old-style methods. Call in Frigidaire today for a free survey of your requirements. See nearest dealer, or write Frigidaire Commercial and Air Conditioning Division, Dayton, Ohio.



**Economical Frigidaire
Water Cooler with
Famous Meter-Miser
Mechanism**

Only 15¢ a day buys... as little as 2¢ a day runs this low-cost Frigidaire model. Other coolers for any need. Investigate.

Call in the expert—
Call in **Frigidaire**



Products of the Frigidaire Division of General Motors, world's leading manufacturer of mechanical cooling devices, include: Water Coolers, Unit and Central System Air Conditioners, Milk Coolers, Frosted Food Merchandisers, Beverage Coolers, Refrigeration Equipment for display cases, walk-in and reach-in coolers.



You, Too, Can

*Expand Your Plant
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Minimum Investment*



*Install in Days
Instead of Weeks!*



*Readily Insulated,
Heated or Air-Conditioned*



In days instead of weeks you can permanently house space needed for more production or storage—in small units or large—units easily enlarged later or taken down and re-located with full salvage—units readily insulated, heated or air-conditioned. Twenty-five years of engineering has developed factory fabricated units that quickly bolt together to give greater structural strength per pound of steel.



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backlog of investment demand as well as our annual demands for new capital, the Machinery and Allied Products Institute concluded:

There can be no excuse for apprehension over underinvestment in the period properly within the purview of today's public policy. Our problem today is to do the things that lie immediately at hand. This implies the necessity of the most serious study of the barriers that now impede the release of the present backlog, and the most earnest efforts to remove them.

I underwrite that statement to the last letter. I reject the pessimism of the "mature economy" doctrinaires for three fundamental reasons:

First, the doctrine has been shown to have sufficient statistical and common-sense "bugs" in it to compel its rejection.

Second, acceptance of the doctrine would be so subversive of our American system of free enterprise that it should be the last thing we want to accept; it is a long alley that has no barn doors and if business were in the alley these doleful fellows describe, the gate leading to government banking would be the last one that business men would choose as the way out.

Third, there is a better solution.

There are too many laws

THIS solution is to ease up the brakes which federal legislation has clamped around our private investment machinery. More laws and regulations have been wound around our investment process in the past seven years than were written in the whole preceding generation. New federal security laws have been coming at the rate of about one a year, and each one spawns a thick volume of regulations.

The drafters of those statutes and regulations would be super-men if they hadn't made mistakes. Removal of those mistakes and excesses is long overdue.

As a beginning, some moderate changes should be made in the Securities Act of 1933, without delay.

I can indicate the general character of some of the things we have in mind as desirable in the way of change:

1. Abolish the 20-day waiting period for securities on which adequate information is already available to the public. Retain the waiting-period principle, but with some flexibility, for issues of new or promotional enterprises and others with inadequate public records. In this regard it should be borne in mind that, since this waiting period was put into the 1933 Act, the Securities Exchange Act of 1934 has required information comparable to that used in registration statements for all securities listed on exchanges and the standards of disclosure for corporations generally have steadily improved. Consequently, the arbitrary delay in financing is no longer needed to permit the public to obtain information. The actual danger involved in the enforced postponement has been driven home to many corporations since the war abroad increased the uncertainties inherent in all markets.

2. Remove the prohibition against the solicitation of orders during the waiting period, when it is retained, provided sales do not become binding until after the registration becomes effective. This would encourage the wide dissemination

of information, prior to sales, that the Act contemplates.

3. Require that, in suits under the Act, a plaintiff prove that a misstatement or omission caused his loss.

4. Provide that recovery on suits alleging misstatement or omission of facts be limited to damages. Actions under which a purchaser seeks return of the full purchase price should be abolished in suits of this nature.

5. Revise the prospectus requirements so that the information can be disseminated in a more practical manner than at present, when the tremendously detailed document must be delivered upon every sale for a full year after initial registration, regardless of how many times a security has been sold and resold or how many identical documents the purchasers may have received previously and also regardless of the greater effectiveness possible in abridged summaries of essential information.

These suggest the nature of obvious minimum revisions needed in the Securities Act of 1933. I have not attempted here to complete the list. Having adopted the minimum changes, we could go on to a more exhaustive study of the effects of recent security legislation on our national economy. That study, I believe, should be conducted by a congressional committee having a staff of its own and not relying on lawyers loaned to it by any interested federal bureau. Investment bankers and business men should be allowed to tell the committee their experiences without having their remarks reviewed in advance by the Securities and Exchange Commission.

To me and, I believe, to a majority of the business men who have had to work under the Securities Act a few specific revisions are so obviously necessary that they need not wait upon the more extended study of the securities laws. The disruptions which occur while established companies, listed on the exchanges, with all essential facts available to the public, are waiting to receive S.E.C. clearance of their financing show how cumbersome a needless waiting period can be when you are dealing with anything as delicately balanced as a new security offering.

Nor does it seem to me unreasonable that the purchaser of a security should have to prove that he relied upon a misstatement in a security registration statement and show that he was damaged thereby before he can establish claims for damages against the issuer and seller of the security. Any investor who has tried to plow through the legal language and voluminous provisions of the prospectuses now required by the S.E.C. would agree that he would get more help from a concise prospectus if the regulations would permit its use.

None of us who urge such modifications believe that they alone will change night into day. Nor will exhaustive study and amendment of the securities laws suffice of themselves to create prosperity. But they will go a long way toward doing so. And, without these amendments, we may run the risk of never again enjoying prosperity under any economic system which we would recognize as free or American.

There are at least two other major impediments to investment which ought

to be removed just as expeditiously as the securities acts are amended. Taxes should be adjusted so as to be less discouraging to investment, and the Government should cease its insistence on such an artificial cheap-money policy as to fix interest rates, which are the wages of capital, so low that much of the capital prefers to remain idle.

Edward R. Stettinius, Jr., chairman of the United States Steel Corporation, said recently it is time to give some thought to the pay that owners of business get, along with our concern for labor's wages:

There is no way of even maintaining a private business, much less going forward and improving living standards, unless the owners get a fair return which makes their participation worth while. Those who would prevent proper return to the owners cannot claim to be friends of the wage earner. There must be employers if work is to exist for wage earners. A starvation wage for owners is as bad as a starvation wage for workers.

He might have added that the investors in bonds, as well as in the equity issues, of our companies require consideration.

Tax handicaps new business

UNDER our federal income tax rates, a man with a taxable income of \$50,000 annually must, if he wants to make an additional investment netting him about five per cent, try to find one returning eight per cent, because the federal tax collector will take more than a third of the eight per cent away from him. If a man with a taxable income of \$100,000 were fortunate enough to make a new investment earning eight per cent, he would have only 3.04 per cent left after the tax collector takes the more than three-fifths cut to which the law entitles him. A man with a \$150,000 income would have less than three per cent left out of an eight per cent return. To net a four per cent return on a new investment—which certainly is a modest income for incurring a risk—men with incomes of \$100,000 or \$150,000 would have to find an investment yielding about 11 per cent. Such returns are few and far between.

When the tax collector takes such a cut out of investment returns, is there any reason to wonder that capital is slow to move into fields of new business risks?

I believe that, when we really buckle down to the task of providing profitable employment for our job-seeking dollars and, therefore, for our job-seeking men, these subjects—securities laws, taxation and easy money policy—and a few others will come in for suitable revision. I believe that a few immediate amendments to the Securities Act, followed by a broader study of this and related acts, is a good place to begin.

The greatest single force to create new work opportunities and to pull us out of depression will be the resumption of the flow of capital into old and new enterprises. If government does its part to unblock prosperity, capital seeking investment and business seeking capital will do theirs.

AN INVITATION TO TRY THIS MACHINE ON YOUR OWN WORK!



No strings attached to this offer. Just telephone or write our nearest Branch and we'll deliver a machine to your office

WILL YOU try the Underwood Sundstrand Adding-Figuring Machine in *your* office without any obligation to buy it?

We want you to know what the Underwood Sundstrand will do for you in your business . . . how it will speed up your work and cut your figuring costs. This simple ten-key machine that is so easy to operate—adds, subtracts, multiplies, divides with amazing speed and accuracy.

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EYES ON THE WORK . . . NOT ON THE KEYBOARD

The operator's eyes are fixed upon her "copy." There's no head-swinging or eye-shifting to induce fatigue and invite error. And right there you have one of the secrets of Underwood Sundstrand speed and accuracy.

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World's Business.

THE NEW QUIETER STREAMLINED

Underwood Sundstrand

ADDING-FIGURING MACHINE

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Rejuvenation Wins Tenants

(Continued from page 23)

Seventh floor.....
Sixth floor.....
left open for anticipated renting by big
space users

Fifth floor Executive Offices.....
Fourth floor Sales Department.....
Third floor Traffic Department.....
Second floor Offices General.....
First floor Display.....
first space rented to big space user

The building became so desirable for the small office tenant that the original plan of renting was altered, the two upper floors being held for the expected increase in rentals, the thirteenth and fourteenth sold to a mixed tenancy of large and small space users, as was also one of the two floors set aside for an expansion by the one main occupant. The cost of modernization with before-and-after results follows:

	Before	After
Occupancy	3½ per cent	87 per cent
Rental	\$1.25 Sq. Ft.	\$1.50 Sq. Ft.
Modernization cost:	approx. \$275,000	

The Champlain was one of several buildings owned or operated by Aldis & Company, who have employed modernization as a successful remedy to increase rentals and dissuade their tenants from moving into new buildings. They started rejuvenation at street level by building a new metal entrance and replacing the old front with maroon-colored granite, which requires little on-the-premises time for setting up. The first-floor stores were brightened up with new plaster walls, painted to the tenant's desired color scheme; new rubber-tile flooring; latest

type plumbing fixtures which included stainproof, vitreous china wash basins, guaranteed for the life of the building, and unit heaters. The display windows were rebuilt with exterior bases of uniform height, and set in weatherproof, aluminite frames that require no polishing.

Walls in the elevator lobby were surfaced with dull finish beech wood, because it is more economical than some veneers and has a warm, friendly character. The ornamented plaster ceiling was replaced with sound absorbent cork blocks that insure against "cracking."

Better display and lighting

EXCEPT on the first floor, all elevator grills were left open so that passengers might see displays of tenants who occupied areas opposite elevator lobbies, but cabs were relacquered and modern signal lights installed.

Corridors on all floors were relocated in the interest of better lighting and walls, doors, casings and woodwork torn out. Rubber tile was laid over old flooring and new hollow-tile walls were plastered and painted a coral color slightly dulled by the addition of burnt umber—a special color combination which is both pleasing to the eye and soil resistant. Chromium plated steel corners were attached to the walls for protection and decoration.

In some cases where original corridor walls were retained, the "borrowed light" type of windows were closed up with plas-

ter, lowering maintenance and improving appearance. The necessary windows, required by shops, were made over steel frames in the trimless manner, purchasable in ten foot lengths.

Glass paneled doors were replaced with those of solid wood, harmonizing with walls and flooring to complete the planned color scheme—and, again, pointing the decoration toward low maintenance.

Each area, as rented, was equipped with sound absorbent ceilings. The tenant was also offered Venetian blinds, at a five dollar rental increase for each two windows. Venetians with slats finished to match the woodwork were also used at corridor windows overlooking unattractive views.

The ten-year-old 30 East Adams Building of 12 floors had been constructed originally for a large furniture store. Upon this company's failure, the building suffered loss of occupancy because no one tenant could be found to occupy the 132,000 square feet of space. After three years' operation with uncollectable rents, the building was closed, and a modernization program decided upon.

The space was all loft and one entire wall, flanking an alleyway, was windowless. An exceptionally large freight platform protected from weather and a desirable location accessible by two alley-



WEBSTER BROTHERS

A corridor before and after. Rubber tile flooring, tan painted walls and plastered-over elevator fronts with new lights feature the transformation



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Everywhere the new Dictaphone Cameo is exciting favorable comment. Such compactness . . . such flowing symmetry. It's an easy-to-look-at, easy-to-use masterpiece of design.

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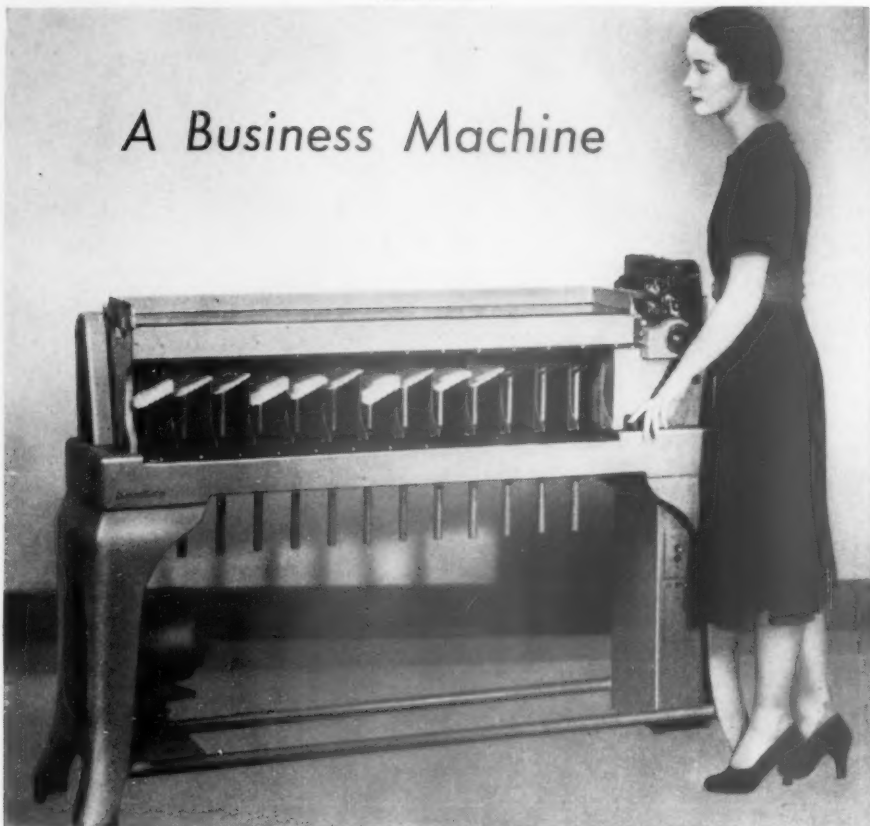
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Arnold Genthe

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<u>Maturities</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Interest Rates</u>
Nov. 1, 1940.....	.375%	Nov. 1, 1945.....	1.625%	Nov. 1, 1950.....	2.20%
May 1, 1941.....	.50	May 1, 1946.....	1.75	May 1, 1951.....	2.25
Nov. 1, 1941.....	.625	Nov. 1, 1946.....	1.80	Nov. 1, 1951.....	2.30
May 1, 1942.....	.75	May 1, 1947.....	1.85	May 1, 1952.....	2.35
Nov. 1, 1942.....	.875	Nov. 1, 1947.....	1.90	Nov. 1, 1952.....	2.40
May 1, 1943.....	1.00	May 1, 1948.....	1.95	May 1, 1953.....	2.45
Nov. 1, 1943.....	1.125	Nov. 1, 1948.....	2.00	Nov. 1, 1953.....	2.50
May 1, 1944.....	1.25	May 1, 1949.....	2.05	May 1, 1954.....	2.55
Nov. 1, 1944.....	1.375	Nov. 1, 1949.....	2.10	Nov. 1, 1954.....	2.60
May 1, 1945.....	1.50	May 1, 1950.....	2.15	May 1, 1955.....	2.65

**Price 100% and Accrued Interest
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Copies of the Prospectus may be obtained from such of the several underwriters, including the undersigned, as may legally offer these Debentures in compliance with the securities laws of the respective States.

MORGAN STANLEY & CO.
Incorporated

Dated May 15, 1940

ways were the outstanding advantages and determining factors in selecting tenancy. Businesses requiring semi-loft, office, or merchandise space were called upon as prospects. Store spaces were created from main floor display space, additional room provided by creating a new entrance on the side of the building in line with the battery of elevators, which, in the original layout, had been in the back of the building.

The store fronts, entrance, and elevator lobby are as modern in appearance as the most lately constructed building. The entrance covers two floors and is of verdi granite. Large, smooth blocks extend from sidewalk to third floor, and two fluted columns of aluminum separate the center revolving door from smaller doors on either side. All of the trimming—handholds, kickplates, lettering, etc., are of matching aluminum. Panels of glass blocks, set above the nameplate in aluminum framework, add a modern note to the exterior and admit light to the elevator lobby as well as the stairway leading to the second floor.

Dressing up the lobby

THE lobby walls are of highly polished French marble with narrow bands of black marble for trim forming a wainscot. Canvas finished in silver and line-striped in a deep mauve to match the baked enamel finish of the new elevator doors covers the upper portion. Flooring is of multi-color terrazzo, broad bands set in aluminum serving as directional inserts to each of the four operating elevators. A trough-light extends over half the length of the lobby and, with panels of concealed lighting in elevator fronts, is ample illumination.

The wide stairway at the entrance does much to add beauty to the lobby. While in the same location as in the original building, it was reconstructed to change the direction. Elevator walls and corridors had to be created, on each floor. Windows were set in the alley wall to bring light to the dark space. Such facilities as extra corridor doors providing private outside entrances and custom designed accommodations, offered tenants advantages they could not get in even newer buildings.

The building is now 80 per cent rented. Experience with The Rookery Building in the heart of the financial district, and one of the oldest in the city, indicates that exterior modernization is not a necessity. The building was tenanted entirely by bond and investment offices so there were no store fronts.

Anything done to the exterior would only call attention to the ornate architecture, so even a face-washing was forbidden. The public places, barber shop, rest rooms, and elevator lobby were modernized, and new elevator cabs were installed. Since a generous use of gold leaf was in evidence in the original handling and it seemed to fit the ornamental stairway, a harmonious effect was obtained by gold finishing elevator doors, mail box, and bronze trim.

Closing up the borrowed light corridor walls with plaster; changing glass paneled doors to those of solid wood,

veneer covered; the floors with rubber tile; replacing lighting fixtures with those of a more simple style; did much to change the appearance of each floor. Tenants, occupying space, availed themselves of the opportunity of having their offices brought up to date. Walls were canvased or painted, acoustic ceilings were installed, rubber tile and asphalt tile flooring laid. Where the tenant desired, air conditioning equipment was installed, an increase in rental compensating for the added expense.

In the long and narrow Monadnock Building, modernization was more a matter of styling than of reconstruction, and confined almost entirely to the interior.

Old-fashioned iron safes, moldings, baseboards and borrowed light partitions were removed from the offices. Exposed pipes were housed and plastered over, new plaster walls erected, radiators enclosed, window frames replaced, new plumbing fixtures substituted, new woodwork added. Each office was given an individuality. In some, the walls were wallpapered, in others they were painted to carry out a chosen color scheme. Floors were padded and carpeted to cover irregular surfaces, lavatories and wardrobe closets were painted or wallpapered. The furniture was of new design. Corridor doors were individualized. The idea was to demonstrate possibilities by drawing startling comparisons, and one of the offices not modernized was included in the showing for this purpose.

A direct mail campaign ending with an invitation to visit a reception at the building, was directed to likely tenants, and a steady stream of visitors came in response.

Each renter was persuaded that obsolescence could be removed and that he could have whatever amount of space was needed in the pattern most desired. Despite the fact that this showing was made out of renting season, immediate results were forthcoming and occupancy increased 14 per cent.

A question of parity

IN "The Case for Distribution" (April number), Dr. Claudius T. Murchison, president of the Cotton Textile Institute, was misquoted. Dr. Murchison had characterized the cotton marketing certificate plan—not the cotton stamp plan—as a disguised sales tax of 12 per cent. He said further that it is actually a revival in different language of the old cotton processing tax which was killed by Supreme Court decision in 1936.

The object of both these plans of the Department of Agriculture is primarily to raise the price of cotton to "parity." That is generally understood to be the price level that existed from 1909 to 1914. This, says the Cotton Textile Institute, is an attempt to turn back the economic clock.

If the parity price were applied to industry the consumer would have to pay \$2,000 for a Ford and at least \$100 for a \$12 radio. Thus, parity price emerges as the pious excuse for making the American consumer an unwilling Santa Claus.



in Your Home on the Rails

● Snack or hearty meal, you'll enjoy the delicious priced-right food served on the Erie. And you'll find our luxurious lounge-diners *comfortable* as well as attractive.

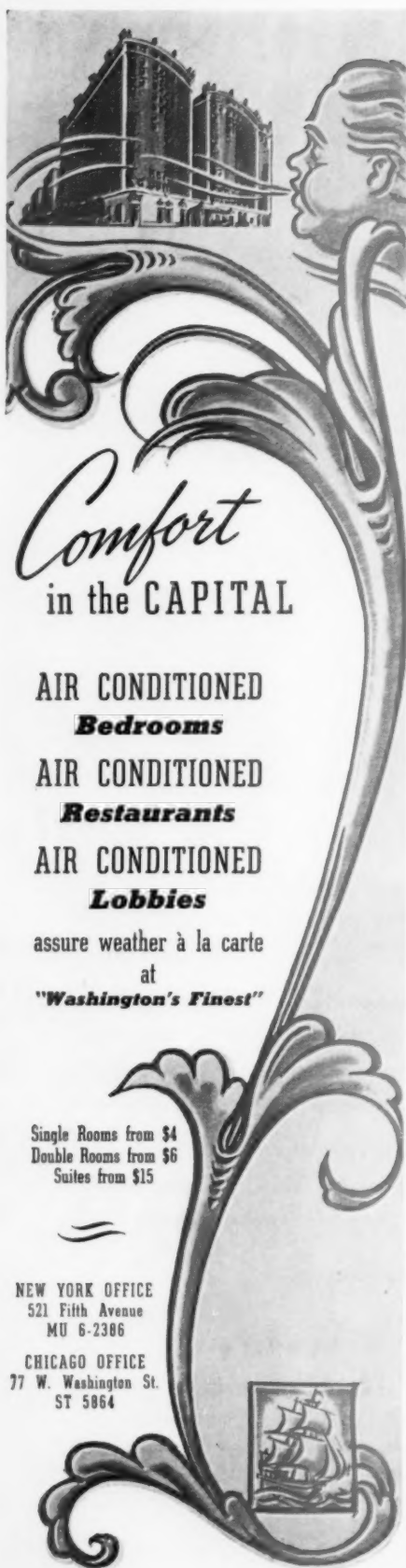
But comfort begins with the roadbed (we even dry clean the ballast and test every inch of rail with an electrical flaw-detector) ... and it depends on smooth handling by the engineer. (Our engineers average 25 years of service.)

Next time you're traveling between New York and Chicago, enjoy the smooth ride of this air-conditioned "Home on the Rails" through the finest scenery in the East.

WHEN YOU SHIP, REMEMBER— ERIE'S "FIRST IN FREIGHT"

Whatever you ship, why not get the benefit of the fast, safe, economical service that's made Erie "First in Freight"? Call the local Erie Agent before you ship. See how Erie service saves.





Comfort
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AIR CONDITIONED

Bedrooms

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Single Rooms from \$4
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MAYFLOWER**

WASHINGTON, D. C.
R. L. POLLIO, Manager

First Aid Treatment for Labor Ills

(Continued from page 24)

great deal of our recourse to law and law-courts is a pure waste, that many disputes can be settled more easily, safely and cheaply in private with skilled impartial experts as arbitrators. Naturally this idea at first antagonized a certain element in the legal profession, who thought they saw a loss of business in a movement toward private arbitration. But the A.A.A. has made such an excellent record that it has converted the legal profession from antagonism or indifference to enthusiastic cooperation. Many distinguished lawyers serve regularly as A.A.A. arbitrators without pay.

In its early years, the A.A.A. devoted itself entirely to commercial work—business disputes between companies or between companies and individuals.

A.A.A. work in the labor field began when the Actors' Equity Association appealed to the Association to settle a dispute between it and a theatrical producer. This case in the theatrical world got a good deal of newspaper space—calling attention to the fact that the A.A.A. could handle labor work. As a result, employers and labor unions in various industries began to turn to the A.A.A.

A panel for industrial disputes

LATE in 1937, the A.A.A. established a special industrial tribunal working under its own rules distinct from those of its commercial arbitration tribunal.

"Have you a clause in your contract providing for arbitration?"

That is the first question asked of an employer and a labor union when they bring a dispute to the A.A.A. If their contract includes no arbitration clause, then the disputants draw up a signed agreement to arbitrate their differences. The next question is:

"What exactly is your dispute? Get it down in writing."

It happens sometimes that, when the two parties really try to define precisely what their dispute is, the dispute itself clears up and no arbitration is necessary! In other instances, disputants are unable to agree exactly what they're quarreling about. The attitude of the A.A.A. is:

"If a dispute can't be put into words, we can't arbitrate it."

Usually, however, the two parties are able to get the disputed points into writing. Then the A.A.A. submits to both sides an identical list of arbitrators picked from its panel. If the case involves special knowledge of some industry or business, the A.A.A. tries to pick men who know something of that field. Both employer and union are asked to cross off the list names that are for any reason unsatisfactory to them. Out of the names remaining, the A.A.A. chooses the arbitrator.

If the disputants prefer a board of three or more arbitrators, each side is allowed to name an equal number, and

the odd man is picked from the A.A.A. panel.

Proceedings are refreshingly informal. The disputants sit down facing each other on opposite sides of a long table. The arbitrator sits at one end. On the employer's side there may be two or three company officers and perhaps the head of the particular department involved. On the workers' side, the secretary of the local union, a shop chairman, one or two workers needed as witnesses. Disputants may be accompanied by legal counsel or not as they choose.

First, the arbitrator reads the statement of the dispute, and then those clauses of the contract that seem to apply. Then he asks each side to present its case. The disputants may do this in any way they choose.

I attended recently a meeting involving a jam manufacturer and the union, which claimed a man had been discharged unjustifiably. When the arbitrator said to the union secretary, "Go ahead, present your case," the union man hesitated.

"Mr. Arbitrator, I don't know anything about court procedure."

"That doesn't make any difference," said the arbitrator. "This isn't a court room. We're just a group of men trying to straighten out a difficulty."

He suggested that one of the union men tell the story from the union point of view. One of them did so. Frequently the employer interrupted, objecting to certain statements or adding to them, and the arbitrator allowed him to do so within limits, saying that the only purpose of the proceeding was to bring out the facts.

Informal hearings

NONE of the hocus-pocus of court rooms is permitted. In a case involving a union and a chain store, the company attorney suddenly jumped up as a salesman was telling his story.

"I object to that as irrelevant, immaterial and—" he shouted.

"Oh, let the witness tell his story in his own way," said the arbitrator. "I'll decide whether it's all relevant or not."

In the same hearing, as a shipping clerk testified that he had heard another man had been hired to do his work, the company lawyer barked:

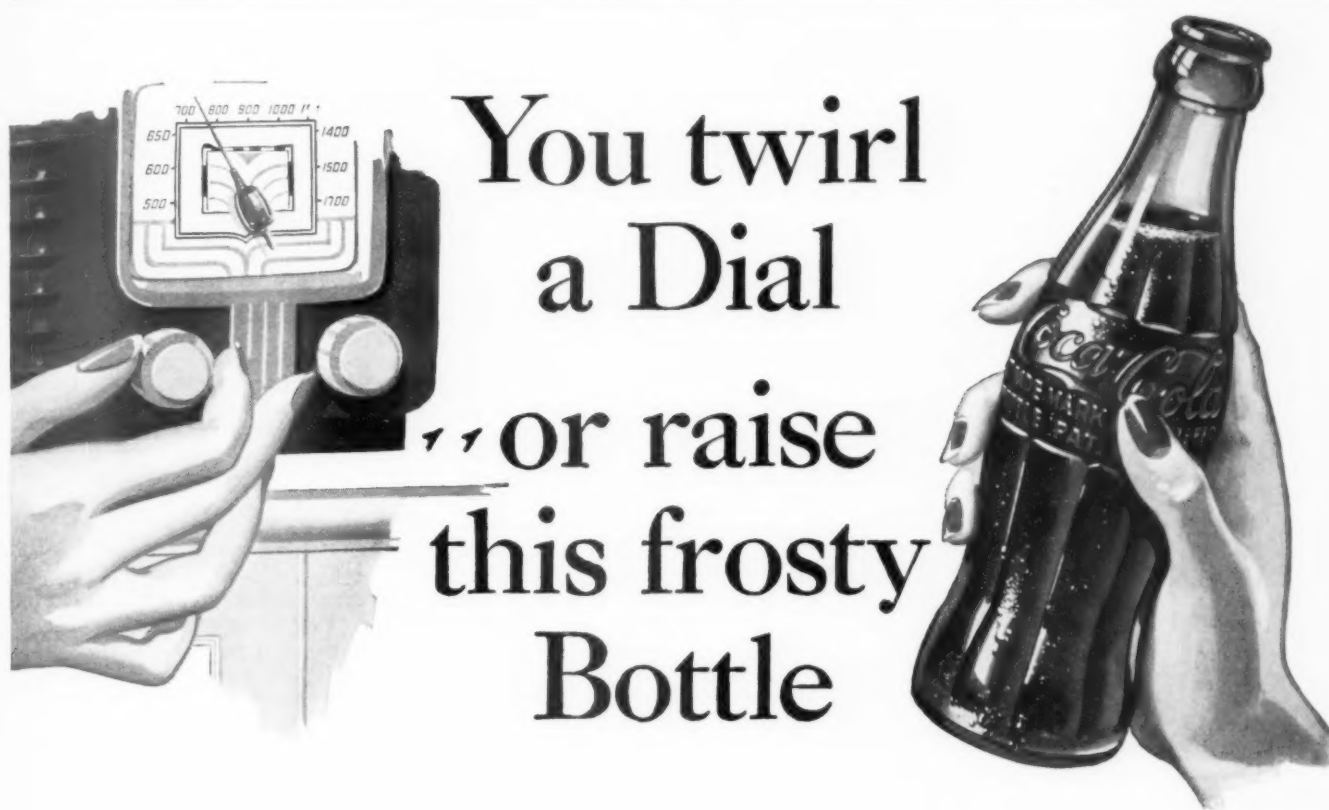
"I object to that! Let him stick to what he knows, not what somebody has told him!"

"Let him tell his story," said the arbitrator. "I'll give the proper weight to that as hearsay. I'm trying to get at the truth."

Free of heckling by opposing lawyers, and without the audience that makes a court-room witness self-conscious, the people who testify in an A.A.A. hearing speak frankly and naturally, and the truth comes forth quickly.

Interchange across the table between the disputants is surprisingly good-natured. Employer and workers and

FAMILIAR ACTS THAT MARK A BETTER WAY OF LIVING



You twirl a Dial or raise this frosty Bottle

Watch the familiar everyday things people do with their hands. They switch on the radio . . . wind a watch . . . light a match. Simple things, yet in these acts you find the human touch that keeps the wheels of business turning. It's a close-up of the give-and-take between people and industry.

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Coca-Cola has been a quality drink from the beginning. Fifty-four years ago Coca-Cola was first produced. It was a soft drink with a unique taste thrill and described as "delicious and refreshing." Nobody then could have guessed the tremendous scale upon which it would eventually be produced.

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their representatives often banter back and forth, kidding each other's statements. Sometimes there is a flash of anger, but the arbitrator quells it easily.

Often speed in the settling of the difficulty is highly essential. The employees of a rayon mill charged that, while the contract with the company guaranteed that lay-offs should be made according to seniority, the employer actually was confining lay-offs to shop chairmen and others prominent in union affairs. One afternoon, the union suddenly announced that it was going out on strike. The company attorney averted the strike by announcing that the A.A.A. would give a decision on the lay-offs within 24 hours. A hearing was rushed through, the decision rendered, the strike averted.

A ruling on seniority

INCIDENTALLY, this case established a principle of great value in the relations of employer and employed. The arbitrator, searching for a definition of seniority to guide his decision, found to his amazement that neither the National Labor Relations Board nor the New York State Mediation Board had ever rendered a decision that made clear the fundamental principle of seniority.

This arbitrator ruled that, so long as a workman stays in good standing with the company, his seniority depends strictly on his original date of hiring. If a man is hired on a certain date, then laid off, and during his lay-off another man is hired, the first man remains the senior of the second if he returns to work when summoned. But if he fails to come back to the job when summoned (except for some cause beyond his control), he loses his seniority.

One of the most interesting cases arbitrated in recent months was that between a leading silk manufacturer and the Textile Workers Union. The company announced that it was driven by the pressure of competition to increase the work assignment per man. The union protested that any change in work assignments was a violation of the contract. The question was argued before the Connecticut Mediation Board. The Board decided that such an increase didn't violate the contract. But what would be a reasonable increase? The Connecticut Board had declined, in the absence of a time-study, to pass on this point.

Bringing the case before the A.A.A., the silk company contended that an increase from two looms per man to four looms per man was in line with the increase in other mills. The union declared that four looms was an excessive burden on one workman and charged that a change to four looms per man meant throwing a considerable number of workers out of jobs.

The three arbitrators, Prof. Paul Brissenden, Columbia University School of Business; Prof. Herman A. Gray, New York University Law School; and Michael Kurz, C.P.A., and member of the New York Bar, visited the plant, studied the four-loom plan at work. After the company had made assurances that the four-loom system would

throw nobody out of work, and had also offered to lessen the work per loom by using ten per cent fewer warp threads than hitherto, the arbitrators decided unanimously that the new work schedule was justified and would require no excessive effort by the weavers.

Another recent case of prime interest was that between the National, Columbia and Mutual Broadcasting Companies and the American Federation of Radio Artists. The contract between these companies and A.F.R.A. set rates of pay for radio artists on network broadcasts, but excluded single-station broadcasts in Chicago. After a year's negotiation over the Chicago wage scales, the matter came to a deadlock in December, 1939, and the union demanded arbitration.

The arbitrators were Prof. Nathan Isaacs, Harvard Graduate School of Business; Dr. Wesley A. Sturges, formerly Yale professor of law, now with the Distilled Spirits Institute, and George K. Bowden, Chicago attorney.

The broadcasting companies contended that Chicago was used as a try-out city for programs that later might go on national networks and that lower rates of pay were necessary on these try-out programs. A.F.R.A. asserted that already it had conceded rates of pay for Chicago single-station work considerably lower than on national hook-ups and could concede no more. A great deal of testimony was given as to the buying power of the Chicago radio audience as compared to New York, rates received for time by the companies, working conditions, average annual income of radio performers, etc.

The companies submitted a minimum wage scale for actors, singers and announcers, covering rehearsals, advance recordings, live broadcasts varying from 15 minutes to an hour, singers in groups of different numbers of voices, etc.; the union did likewise. The hearing took up three days; on one of the days it ran from 10 a.m. to 11:30 p.m. The arbitrators, in their award, set rates of pay between those proposed by the broadcasting companies and A.F.R.A. In other words, the arbitrators really drew up a new contract between the contending parties.

Do the parties to an industrial arbitration always live up to the award? If they don't, can the award be enforced by law?

The fact that an employer and a union write a clause into their contract agreeing to submit disputes, claims or differences rising under it to arbitration and then come voluntarily seeking arbitration of a dispute is a rather conclusive proof that they will abide by the decision. When the labor contract doesn't include an arbitration clause, then they must draw up a signed agreement to arbitrate their dispute before the A.A.A. will take the case. This again is a reasonable assurance that both intend to live up to the award.

In very few instances out of the hundreds handled by the A.A.A. has there been any kick by either party against the award. The most notable objection was filed by an employer who asked the court to set aside the decision on the

ground that the arbitrator had exceeded his authority when he awarded back-pay to certain employees who, he found, had been laid off in violation of the contract. The court upheld the arbitrator.

In many states, when employer and union sign an agreement to arbitrate a dispute under an existing labor contract before a recognized tribunal, the decision is legally enforceable, save where collective bargaining agreements are excluded from the usual provisions covering arbitration.

A law to foster arbitration

RECENTLY the Ives Committee on industrial and labor relations in the New York Legislature recommended an amendment to the State Arbitration Law making a contract for the arbitration of any disagreement concerning wages, hours and working conditions in a subsequent contract enforceable. The courts had held that such an agreement was not binding and enforceable since it sought to have arbitrators fix the terms of a new contract and therefore didn't come within the scope of the statute which provided only for the arbitration of disputes actionable by law. The New York Legislature adopted the amendment, it was signed and made a law by the Governor in April.

Another indication of the growth of the arbitration idea is the bill Senator Wagner of New York recently introduced into Congress extending the present conciliation service of the Department of Labor, providing for arbitration when the Mediation Board finds it impossible to mediate and conciliate the controversy.

Thus far most of the labor cases handled by the A.A.A. have originated in the metropolitan area of New York, but cases have been referred to it by management and labor in Boston, Providence, Shelton, South Manchester and Waterbury, Conn., Camden, N. J., Philadelphia, Charleston, W. Va., and Los Angeles. The A.A.A. has assembled a panel of arbitrators which makes it possible to hold hearings in many important centers in the United States.

So far, approximately half the awards have been in favor of labor, half in favor of management. This is an indication that both sides are getting a fair break, and the supposition is confirmed by frequent comment from both employers and unions.

"We've lost more cases than we have won over at the A.A.A.," I was told by the business manager of a C.I.O. union, "but we intend to keep on referring our troubles to them. They're giving the fairest deal there is between boss and worker."

Every contract which you draw up with your employees should include an arbitration clause. Here is a sample phrasing:

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You Pay Before You Play

(Continued from page 30)

The leading manufacturers are the Rudolph Wurlitzer Company of North Tonawanda, N. Y.; Mills Novelty Company, Rock-Ola Manufacturing Corporation, J. P. Seeburg Corporation and the John Gabel Company, all of Chicago. Rumors are that two firms not now in the field before may enter it this year.

It is reported that some of the phonograph manufacturing executives draw salaries that compete with those of high railroad and oil officials. A live-wire state distributor can clip off \$50,000 annually, and local jobbers run their commissions up to the \$20,000 mark, clean take.

Shipments go out from the factories by carload lots with 50 machines, on the average, to the car. Some distributors order as many as ten carloads at one shipment. Old machines taken in on the purchase of new models are immediately destroyed. Few distributors want to see the old units left on location.

Manufacturers conduct extensive experimental programs in order to coax the best music possible from the boxes. Complete blueprints for a phonograph carry approximately 7,000 dimensions, and involve more than 1,000 different integrated and related parts.

The manufacturers have a strong and well functioning association with offices at 120 South La Salle Street, Chicago. C. S. Darling is Secretary. Furthermore all of them participate in an extensive program of volume buying of raw materials.

Although the coin-controlled boxes are given credit for stimulating the demand for home record players, the operators have no fear that this demand will hurt their business. They believe the effect will be quite the opposite.

For plugging a new dance tune or song the music boxes are competing with the radio. Many a new song has enjoyed a huge success before going on the air, thanks solely to the automatic phonograph.

Music publishers have become as much concerned about getting their numbers on the nickel phonographs as about getting them on the air. The machines can plug a new musical composition to success overnight.

Bands like those of Glenn Miller and Frankie Masters have been lifted to stardom by the coin-operated music devices. Huge royalties from the nickel gathering biscuits flow into the pockets of more than 5,000 recording artists, including many movie stars.

Hollywood filmoguls are now drawing from the ranks of the more distinguished recording artists in their endless quest for talent. A large number of recording artists were enrolled for picture work in 1939. More will be drafted during 1940.

Demands for phonograph records hit a high tide in 1939, and many operators report that at times they were able to get only about one-third of the records actually needed, especially on the big hit cuttings. It is predicted that home usage and phonograph operators' needs

will call for more than 100,000,000 records this year.

In selecting records, the pulse of the customers frequenting the location is felt and records placed on the machines accordingly. The musical taste or likes of either the operator or the location owner are not considered. In foreign locations, the regular foreign records are used and this is a big end of the phonograph operating business. Along the Texas southern border thousands of phonographs play only Mexican music. In San Francisco, China Town has its string of coin phonographs spinning out Oriental music, and down in New Orleans the old French quarters have French selections. In New York City Yiddish platters have their biggest sales and Cincinnati uses plenty of German tunes.

Special needles are used

OPERATORS of these machines must have a super-record needle. Several firms are manufacturing these needles today, and the business has become an important industry. These needles sell for 50 cents each, slightly lower in large quantities. The needle used in the coin-operated phonograph must be soft enough not to cut into the wax but durable enough to stand up for 2,000 "plays" or more. The success of a phonograph needle lies in the construction of the point, which must polish rather than cut as it follows the record grooves. It is possible to make a needle that will play 20,000 times, but it would have to be so hard it would destroy the record.

Restrictions against the music boxes are in evidence in many states and cities. Laws and ordinances govern their playing hours and the usage of loud speakers. In many cities dancing is not permitted by phonograph music in places where beer or liquor is sold. Machines always make more money in spots where "come on" girls are employed to boost play on the machines. The girls plug for the instruments and keep the music going. If dancing is permitted, the girl hostess is very essential to the phonographs' earning ability. In some instances a phonograph may be equipped with either a ten cent or 25 cent slot instead of a nickel slot. Most states and cities have levied a license fee against the machines which usually runs about \$5 annually.

The entire industry from the manufacturer down to the smallest operator cooperates in protecting musicians from being ousted by the machines. Operators do not attempt to supplant live orchestras or bands.

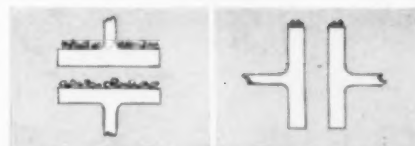
The business has kept free from rack-teering. In some cities union labor organizations have taken over the work of installing the machines but the few efforts have not met with any too great success. In some cases where a nonunion worker installed a phonograph in a union tavern or café the union picketed the place and much disruption ensued.

At present the nickel phonograph machine industry sees a very unwelcome



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shadow across its path in the form of a penny-operated machine. The penny phonograph sponsors declare, however, that the penny machine is being built solely to take care of the small spots that cannot support a nickel machine. One large concern is already producing the penny phonographs in Hollywood, and another is said to be starting up in Chicago.

Reports are also afloat that a big eastern firm is planning a combination phonograph and movie machine. The machine will offer a platter of music and a short motion picture for five cents. Three years ago a large Chicago manufacturer tried to create a coin-operated "sound-on-film" phonograph but the

venture never was a success.

Four years ago an attempt was made to load the machines with suggestive records but the industry waged a quick and successful war against the "dirty" platters.

Just how far this new and thriving industry will go no one knows. But it certainly is growing. It is not uncommon to hear of an operator handing his distributor a cash payment of \$10,000 or \$20,000 on a shipment of machines. A Detroit operator, Harry De Schryver, paid one major phonograph manufacturer \$31,732.14 in one check. Big money changes hands in the nickel music box business. It is strictly a cash business. You pay before the music plays.

Statistical Hocus-pocus and Income

(Continued from page 20)

table that policies founded upon them in the belief that they are bookkeeping accounts must lead to disaster. A merchant who causes his assets to exceed his liabilities by the simple process of marking up the prices of the goods on his shelves makes his books look better, but he does not make his business better.

Whence come the national income figures that have so suddenly been thrust into our lives, and what, if any, relation do they bear to our welfare?

In giving the extraordinary income progress of the nation for the years 1919 to 1929, a strange and clumsy wording had to be used. First the figures had to be ascribed to a source—the National Bureau of Economic Research. Second, the figures had to be given both in "current dollars" and in "1929 prices." Expressing the 1919 dollars in the assumed purchasing power of 1929 dollars lopped upwards of \$4,000,000,000 off the 1919 totals. That is confusing. Let us go further and become more confused.

From the National Bureau figures, it is encouraging to learn that the national income jumped from \$60,100,000,000 in 1919 to \$72,600,000,000 in 1920. That is a leap of \$12,500,000,000 in a single year, and, if it be true that the national income for 1937 was around \$70,000,000,000, it was only necessary to repeat the 1919-20 performance to top the \$80,000,000,000 mark which is immediately desired. But 1920 was a year of very high prices. Changed to 1929 prices, the 1919 income becomes \$56,400,000,000 and the 1920 income becomes \$59,300,000,000, so the addition to buying power was less than \$3,000,000,000 instead of four times that sum. And it may be recalled that the 1920 price jump brought on overalls parades against the high cost of living and ended in a financial crash.

Take 1923, in which the income was \$69,800,000,000 or almost \$3,000,000,000 less than 1920; but, in 1929 prices, it was \$69,200,000,000—which means that people in 1923 with a lower dollar income than in 1920 actually had nearly \$10,000,000,000 more buying power. So it would appear that increasing national income in dollars does not necessarily

mean more prosperity and decreasing it does not mean less prosperity.

The National Industrial Conference Board also compiles and publishes statistics on the national income, while the Department of Commerce has taken on the duty of computing the national income and has compilations from 1929 on. The Department's figures are presumably official. But this does not mean that they are entitled to more weight than the calculations of the private agencies. Each institution has its own method of getting at the national income, and the figures do not agree. Several other institutions also publish calculations. No two sets are alike. That is why, when the national income is cited, one must always ask:

"Whose national income?"

According to the National Industrial Conference Board, the nation's income rose, in the ten years 1919 to 1929, from \$62,900,000,000 to \$79,400,000,000. The Department of Commerce, which has not announced figures prior to 1929, gives the national income for that year as \$81,000,000,000. The National Bureau finds that our income dropped to \$39,500,000,000 in 1932 and was still further down to \$39,200,000,000 in 1933, but the Conference Board gives us \$46,700,000,000 in 1932 and \$44,700,000,000 in 1933, while the Department of Commerce states \$40,000,000,000 for 1932 and \$42,200,000,000 for 1933.

Estimates vary widely

THE President, in April, 1936, said that the income for that year would be \$65,000,000,000. In July, the Secretary of Commerce set the figure at \$58,000,000,000. The Department later officially announced the figure as \$63,700,000,000 and in a revision in 1938 gave \$63,400,000,000. That is, the President and his Secretary of Commerce within a period of three months differed in their estimates by \$7,000,000,000, while the estimator in charge differed with both the President and his chief and then differed with himself. The Conference Board sets the figure for 1936 at \$65,200,000,000.

The National Bureau, as was noted,

has translated its figures of national income into 1929 prices in an effort to find out how much of the fluctuation from year to year is due simply to prices and how much represents an actual change in the flow of commodities. The National Industrial Conference Board likewise relates its current income figures not only to the cost of living but also to the general price level.

After being thus operated on, all the figures have new faces. Take 1932 and 1933 as representing the depth of the depression. The National Bureau says that the 1932 national income in 1929 prices amounted to \$48,500,000,000, thus giving a purchasing power about \$9,000,000,000 greater than the current price figures would indicate, while for 1933, although the income in current dollars was lower than in 1932, it says the buying power was up to \$51,100,000,000. The Conference Board, adjusting its current income figures for 1932 to the cost of living, gets the figure of \$62,500,000,000 and for 1933 finds \$62,200,000,000. It also finds that the 1936 income, adjusted to the cost of living, amounted to \$80,200,000,000, the 1937 to \$81,700,000,000 and the 1938 to \$75,200,000,000. Therefore, according to the Conference Board, we have already achieved the \$80,000,000,000 millennium and for two years running were, if the national income is to be taken as a criterion, practically as prosperous as in 1929 when the income, adjusted to the cost of living, was \$82,800,000,000.

What does all this mean? What is this national income? How are we going to raise it if we cannot put a finger on the thing we are going to raise, and how are we going to know if we have raised it?

Wage and income are different

THE figures that have been set out—and all of them are from authoritative sources—would seem to indicate that the national income depends on who plays at counting it. This is not the fault of the earnest students who have been trying to discover the wealth and income of the United States. The national income is not the national wage and it is not income in the sense that an individual thinks of his income. It is an estimate of the money value of all the commodities and services produced in the course of the year less the money value of the fuel, raw materials and fixed equipment used to produce these services and commodities. This sum is received by individuals in return for their labor or the use of their property. It is not a cash account, because it does not record sales. In fact it corresponds with no bookkeeping account. In spite of the translations into uniform prices or costs of living, it gives no indication of wealth produced, because sales of property count as heavily as goods produced and of course it gives no direct data on costs.

Great progress has been made in uncovering data on the various items going into the compilations, but many questions arise as to what constitutes income. In a good year, well managed corporations will not pay out all of their earnings in dividends, while in a bad year they will draw on their reserves and pay

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out more than they earn. Thus a calculation based on income produced in a year may differ considerably from a calculation based on income paid out.

Since there are several methods of estimating, a national income found according to one definition of income is not comparable with a national income found under another definition. Getting at the figures for the various items is not easy and involves a large amount of estimating, with the census data and the federal tax returns as starting points.

Since a complete census is taken only every ten years, the further one gets away from a census year, the less accurate is the data, although the Department of Commerce makes a census of manufactures every two years, which gives a check. The tax returns are not available until considerably after the end of the tax year and many of them are subject to adjustment, while many corporations have fiscal years which do not correspond with calendar years.

Thus the income from the tax returns cannot be learned with accuracy until ten months or so after the close of a year. This means that national income figures issued immediately after the end of a year are only guesses. The monthly figures issued by the Department of Commerce scarcely grade as guesses.

This is not to say that compilations of the national income have no value. They indicate over the years the great progress of the United States, but it is to be borne in mind that they give a view of only one side of our economic life. They are not, as so many suppose, actual compilations of accounts. They are estimates made from a wide variety of sources, and some are very sketchy.

The National Industrial Conference Board has estimated that, of the sums that it includes in its national income calculations, 48 per cent have a possible margin of error of from two to three per cent; 23 per cent have a margin of error of from three to five per cent; 19 per cent have a margin of error of from five to ten per cent; while the remaining ten per cent must be classed as a guess.

All the reputable estimators of national income admit about the same margin of possible error and think of their results to date as chiefly valuable in showing trends over the years. That is why they also make an effort to iron out the price element so that an income increase which results solely from an increase in prices will not be confused with an increase resulting from more goods.

But here another difficulty is encountered. The so-called cost-of-living figures are not actual costs of living but are based upon a standardized family which is supposed to buy a certain amount of goods in a certain time. The variation in the prices of the goods which they are supposed to buy gives a basis for calculating a figure which is supposed in any month to represent the cost of living. But, since no family exactly corresponds to the mythical family and since people greatly vary their purchases from year to year, and people in various parts of the country have very different needs, the cost-of-living figures only indicate in a general way the value of money over a period of years.

Another method of trying to find the value of money in any year is to adjust the figures according to the prices in any year. But prices are elusive and no one as yet has constructed a really satisfactory price index. The attempt to express national income figures in some common medium so that one year will be comparable with another involves another series of possible errors, the extent of which no man knows.

It can be flatly stated that no national income figures exist which do not include a margin of error of at least 15 per cent. This means that at least this margin of error exists in all the calculations based on national income figures, which in turn means that we do not know with even reasonable accuracy the distribution of the national income, the nation's capacity to produce, the nation's capacity to consume, or any other of the supposed national facts on which great political programs have lately been founded.

For instance, it is the fashion from time to time for socially minded statisticians to compile minimum subsistence incomes for families and then, seizing on distribution of income figures, to point out—as did the National Resources Committee—that a third of the nation's families are not getting a subsistence income and, therefore, the American System has failed and something ought to be done at once about it. An income is worth what it will buy. A family with \$1,000 a year will just about get by in New York City, but a family with that amount in a New England village will not only live comfortably but also have a standing in the community, while in the South, where heat and warm clothing do not have to be provided, \$1,000 a year means affluence. "Average income" figures are abstractions and without meaning.

But, suppose the national income figures were what so many of the politicians, radicals and general uplifters think they are. Suppose the national income were the national wage. Could it be raised by government spending and would the mere raising suffuse the gentle warmth of prosperity through the lives of all the people?

Taxes make no income

THE Government has only four methods of raising money. It can tax the people, it can borrow from them, it can revalue money or simply create it. Taxation is merely a transfer of purchasing power from the individual taxed to the Government which spends the money more or less wisely than the individual would have spent it. The transfer involves no increase of income, and the point here is that taxation can create no new money income. Also no new money comes out by the borrowing of savings.

The only method by which Government can largely increase dollar income is by devaluating currency or creating credit by borrowing from the banks, because only in such fashion can new money be put into the system. Here it is that the national income statistics in their present form can, by the ignorant or the unscrupulous, be used to create



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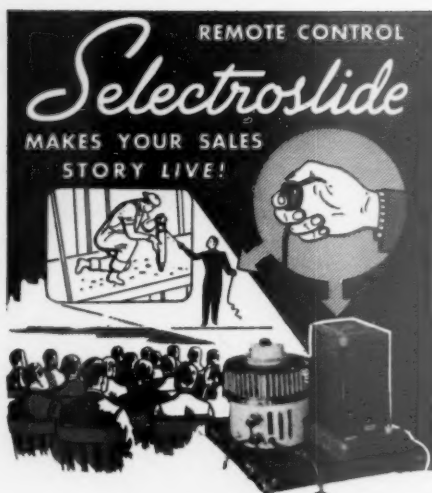
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delusions of prosperity when all the while we are actually becoming poorer.

This needs explaining. No corporation attempts to maintain itself in business without two general sets of accounts. The capital account shows its wealth—the tools with which it does business. Against these assets, it must line up its debts. The value of the assets less the debts constitutes its net worth.

Its other major account records income from the sale of goods or other sources and also all the costs of producing the goods. If the goods cost more to produce than is received for them, the corporation suffers a loss and it must draw upon its assets to make up the loss. If the assets cannot be drawn upon, the corporation must borrow and thus add to its liabilities. If it cannot borrow, it must fold up.

Every individual has all of these same accounts in his own affairs, whether he is in business for himself or works for others. The accounts are there, even though he does not keep them. Every individual knows that if he borrows he must pay or default and that the money he borrows is not income earned but a debt incurred.

The Government, although it is the largest business in the nation, has no business accounts. When it creates money, the money shows up in the present kind of national income accounts as income. Taking the Department of Commerce figures, an average of about 15 per cent of the supposed national income since 1933 has been derived from spending by the Government. In a business sense, that is not income at all, because it is mostly the proceeds of debt. The records show that the government debts have not been paid off. They have climbed higher each year. True wealth and true income are created only by the production and exchange of goods. The money that passes is merely the measure of the transaction. Credit is simply providing the money in advance out of someone's savings to permit the production of goods to pay off the loan.

If the loan is not paid off, assets are reduced by the amount of the debt. That is something which the national income accounts do not show and that is why, in the wrong hands, they can create illusions of grandeur. For instance, the National Resources Committee—and other statisticians have followed their methods—found that savings in the year 1936 totaled \$6,000,000,000. That was the difference they found by statistical ledgerdemain between the money the people received and the money they spent. But the Committee did not take into account that, during 1936, according to the Twentieth Century Fund, the federal, state and municipal debts increased by \$4,500,000,000. Since the proceeds of those debts were counted as income—and it was not earned income but merely the proceeds of loans or of credit creation—the debts must be deducted. So, instead of \$6,000,000,000 saving, the saving at most would be \$1,500,000,000.

But here is still another point. Factories, houses, machinery, furnishings and durable goods generally wear out through use. That is one of the inescapable costs of living—as automobile own-

ers have discovered. If money is put aside as savings that ought to be spent for upkeep, the savings are not real savings at all but just money put aside. If an owner of a house that needs a new roof refuses to buy a new roof and puts the money in the bank, he is only going through the motions of saving money. Actually he is allowing his house to decrease in value in a sum that may be much larger than the sum he banks.

Wear and tear decrease income

THE national income accounts cannot, by their very nature, make any allowance for the sums that ought to be paid out to meet wear and tear. The physical assets of the nation, exclusive of real estate, were in 1933, according to a study made by Notre Dame University, worth about \$240,000,000,000. If they were worth this amount in 1936—and probably they were worth more—the application of only a five per cent charge for wear and tear for the year would mean that \$12,000,000,000 should have been set aside before the nation had any real savings.

When the new debt incurred in the course of the year was deducted from the supposed savings, only \$1,500,000,000 remained as savings. If the amount that should have been set aside for wear and tear is deducted from this sum, it would appear that the nation, instead of saving money, not only ran into debt but also let its property run down. The fact that nearly all of the unemployment has been in the durable goods trades and the services dependent on them supports the conclusion that the money which went into the bank should have been spent for upkeep and renewals. All of this would show up if we had national book-keeping comparable to corporate book-keeping. Then we could not have the hocus-pocus of national income accounts in which borrowed money is not distinguished from earned money.

In the Middle Ages when people were chary of lending money to the Government and when the modern machinery of banks did not exist, it was the habit of princes to call in the coinage, debase the bullion content and reissue the coins as though they had the same value as before. Thus the prince made a "profit" with which to pay his courtiers and henchmen. The effect was that of a forced loan. The Polish King Sigismund, having sweated the coinage a number of times, wondered why his people were so poor and unhappy. He called in Copernicus as an expert and, after having made an examination, Copernicus in 1526 wrote these lines, which said everything that could be said today:

Among the innumerable calamities which ordinarily cause the downfall of kingdoms, principalities, and republics, there are four, which, according to my opinion, are the most dangerous ones: discord, great mortality, sterility of the soil, and the deterioration of money. The evidence of the first three is so great that nobody does ignore them. But as regards the fourth, concerning money, very few, some men of great ability excepted, take any interest in it. This, because it ruins the State not at once, but by small degree, by an action which is in a certain sense hidden.

A Straight Lane to Socialism

(Continued from page 17)

aggregated \$3,000,000,000, which is from one-fourth to one-third of all the credit outstanding to agriculture from all sources.

The F.C.A. has, according to Mr. Goss, acted as a lever in reducing interest rates from one-fourth to one-half. Although it had been the custom to make loans on sales value of the land, the F.C.A. has led the way in making loans on the "normal agricultural value." That is a vague phrase which might mean almost anything. Such loans are based on the lengthening of the periods and the amortization of the loans under the F.C.A. Mr. Goss did not emphasize the fact that, in rescuing the F.C.A. from the depression, the Government took title to 55 per cent of its stock.

The Government takes over

FOR all that, the F.C.A. retained at least the outward semblance of autonomy. It exercised a supervisory authority over the Federal Land Banks, Intermediate Credit Banks, Production Credit Corporations, Banks for Cooperatives, the Farm Loan and Production Credit Associations. These corporations are operated by boards of directors chosen in whole or in part by the owners. The Government did not guarantee bonds issued by the land banks. The bonds ostensibly were backed only by the farm mortgages and other values held by the banks. These bonds have been selling almost on a parity with Governments, although in 1939 land banks were 34 per cent short on collections and the Commissioner's loans were 48 per cent unpaid. Federal Farm Mortgage Corporation bonds are unconditionally guaranteed by the Government. This corporation is a relief mortgage loan agency comparable to the H.O.L.C.

Stripped of every detail which might make understanding difficult, the foregoing offers a picture of the F.C.A. at the time the maneuvers began which preceded the introduction of the Jones-Wheeler bill. Although it is true that the Government was dominant in the 11 lending units, the farmer-debtors were able to make themselves heard. Most of the activities were carried on through regional organizations, instead of being centralized in Washington. A committee of the U. S. Chamber of Commerce reported in 1936 that:

The Farm Credit Administration considers one of its major problems to be the strengthening of these associations in order that they may become effective credit agencies for the service of their members. Areas are being reorganized to make them conform with recognized trade areas and to eliminate overlapping.

The committee strengthened this statement by the following definite recommendation:

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corporation into the permanent farm credit system of the Government of any loan policies which place a major portion of the risk directly or indirectly on the Government.

Every administration and every Congress has manifested extreme concern for the farmer-voters, without regard to party affiliations. Since disaster came in 1929, this concern has been intensified, again without regard to party labels. Something like \$6,000,000,000 has been spent for the farmer since 1933 on such things as soil conservation and production loans at low interest rates and price pegging on export crops by an arrangement which ensures all the losses to the Government and all the gains to the farmer.

Farm ownership has been subsidized and crop surpluses bought outright and distributed outside competitive channels. It is understandable that the semi-privately owned and operated farm credit organizations half-outside the frame of the Government must have presented a temptation to the politicians inside. Some validity was given their desires by the admitted fact that the 11 credit agencies were working in a state of confusion. The Department of Agriculture's spokesmen urged that the F.C.A. and all its parts should be covered into the Department.

Reorganization by politics

THIS was effected by the first government reorganization bill, sent to Congress by President Roosevelt on April 29, 1939, which took from the F.C.A. its independent status and transferred it to the Department of Agriculture. Officers of the F.C.A. stated that the transfer was never discussed with them, or with the banks, associations or borrowers whose interests were involved. Secretary of Agriculture Wallace likewise stated that it had never been discussed with him. Some one somehow was putting something over. The farm organizations which have \$130,000,000 invested in the system protested so vigorously that, on May 22, Mr. Wallace issued a statement, with the concurrence of the President, in which the F.C.A. was promised:

The F.C.A., including the F.F.M.C., will not become an integral part of the Department of Agriculture. Responsibility for carrying out the many federal statutes which form the basis for several types of farm credit, for formation and execution of operating policies, for control of fiscal, personnel, legal, informational and related affairs will remain with the Governor of the F.C.A. . . .

While the supervision of credit facilities in the farm field is closely related to the other agricultural land-use activities of the federal Government, it also has an equally important relation to the work of the Treasury Department and the Federal Loan Agency. Furthermore, not all of the functions of the institutions and corporations under the supervision of the F.C.A. are exclusively governmental in character. . . . The relationships involved can be handled best by a continuation of the present method of operation, with the Secretary of Agriculture exercising a coordinating supervision in only the broadest and most general way.

This stopped the opposition of Secre-

tary of the Treasury Morgenthau who had been displaying a formidable antagonism to the intrusion upon his domain, and the farm organizations expressed themselves as content. That "broad and general supervision" soon developed into friction between officials in the Department and the officers of the F.C.A. In November, Mr. Wallace asked for the resignation of Governor F. H. Hill.

Foreseeing that the autonomous status of the F.C.A. was to be abandoned, Hill declined to resign until he had been given the opportunity to protest to President Roosevelt. This was not granted, but the farm organizations were assured that no change in the F.C.A. position would be made until the question had been reviewed by a committee of eight men to be appointed by the President. This contented the farm organizations for the time. However, the committee did not meet and, in December, Stephen Early, one of the secretaries to the President, announced that the F.C.A. was to be integrated with the Department. The farm organizations then protested but without result.

So much for the background against which the Jones-Wheeler bill has been projected. Now for the bill itself. As a preface it should be stated that, on the authority of Mr. Goss, only one land bank is in any difficulty at this time and its bonds are guaranteed by the remaining 12 banks of the system. He likewise states that the surplus, undivided profits and reserves total approximately \$80,000,000. The Federal Farm Mortgage Corporation has something like \$600,000,000 in available credits granted by Congress. These may not be large sums, as governmental financing goes nowadays, but the critics of the Jones-Wheeler bill point out that they are definitely fine frosting for the cake this bill is designed to cut. No one knows precisely who fathered the bill. It is known that it was drafted in the Department of Agriculture and that it has full administration sanction.

Because Mr. Goss is the spokesman for the F.C.A. as it was originally constituted, and to some extent represents the farmers' organizations, his summary of the Jones-Wheeler bill will be presented here. He says:

It will abandon the cooperative features of the farm loan act. Eliminate the stock interest of borrowers.

Associations will be made up of members not necessarily either borrowers or stockholders.

These may be arbitrarily selected by the Governor.

The Governor is given complete authority over the local farm loan associations.

The Governor may sell farms to former owners without consulting the lending bank or the association.

The responsibility for determining collection policies is placed with the Governor and not with the association or bank.

The Governor is held responsible for scaling down farm loans.

He is required to scale down loans under certain conditions, without regard to the actual value of the property or the borrower's ability to pay.

The opposition to the bill further interprets this to mean that the original plan, under which F.C.A. was a sym-

pathetic lending agency, insisting on sound loans but also desirous of protecting every interest of the borrower, has been abandoned. Loans will be made only if the farmer complies with all government crop control policies. He may be required to accept restrictions on acreage and nature of crops. The new F.C.A. would have authority to compel him to correct his farming methods. The local agent might order him to sell his tractor, get rid of his pigs, rise at four in the morning instead of six and buy more feed for his cows. It is a reversion to the discredited Tugwell Resettlement Plan.

The basis for loans

LOANS might be made on a basis of "social need" rather than on land value and owner character. A thoroughly lazy, shiftless, hound-dog-and-hominy farmer might be able to borrow more money on his washed-out acres than his progressive neighbor on a rich farm that had been scientifically tilled. The loafer farmer, provided that he was thoroughly biddable, might pay a lesser interest rate and be protected against foreclosure. It would make the Government responsible for all farm loan bonds under a plan which practically ensures an annual capital loss which might reach \$100,000,000. It will drive all private loan agencies out of the farm field. It will eventually compel the Government to take title to thousands of farms. The foreclosed-upon farmer need not be evicted if he obeys orders.

It is a complete abandonment of the principle of American business which limits gains and losses to the lenders. Because the money will first be lent to the Government and re-lent by it to the farmers, a broad social purpose would be achieved. This is the domination of the Government in the farm field, to be followed in the house-owning field and perhaps in the grocery-owning field and the dairy field and the department store field. The Government, which means clerks, bureaucrats and theorists at Washington, would employ the nation's funds to work out what plans they considered desirable. If the plans fail, the taxpayer will bear the cost just as the taxpayer paid for the colossal flops of the Tugwell epoch. The Secretary of Agriculture is permitted to issue bonds against the new plan so the \$45,000,000,000 national debt limit will be by-passed.

These things are what the opponents of the bill say. They offer this item by item consideration of the measure.

The provision for a reduction in interest rates on land bank and Land Bank Commissioner loans is coupled with a direction that this loss to the Land Banks shall be saddled upon the U. S. Treasury. This would be "a Treasury donation to farmers, without distinction of needs or wealth." It is provided that no penalties shall be imposed on borrowers from land banks or the Federal Farm Mortgage Corporation on defaulted payment, taxes, liens, judgments or assessments.

No distinction would be made between the honest borrower who makes sacrifices to meet his payments and the dis-

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honest or shiftless man who neglects them. Although no provision is made for a Treasury subsidy after 1946 "this question must ultimately be faced." Daniel Bell, under-secretary of the Treasury, and until recently Acting Director of the Budget, has stated that, not only must a Treasury subsidy be provided for, but that grave administrative difficulties must be counted on.

All future issues of Farm Loan bonds would be fully guaranteed as to principal and interest, by the Government. Land bank bonds based on the values of the cooperative associations have been favorites with investors and until recently have been quoted at a premium. A guarantee would increase the contingent liabilities of the Treasury. The Land Bank Commissioner would be directed to refund all outstanding farm loan bonds presented which bear interest at a rate higher than the computed average rate of interest on U. S. obligations and issue in return fully guaranteed farm-loan bonds bearing interest at the computed average rate.

New "Government" bonds

THE F.F.M.C. holds about \$800,000,000 of consolidated Federal Loan Bank bonds, mostly four per cents, and would be directed to turn them in at a loss of income amounting to \$14,000,000 annually. Such a loss would in time impair the F.F.M.C.'s capital, which means another loss to the Treasury which in effect owns all the F.F.M.C.'s bonds. The bill includes no provision as to the taxable status of the new bonds. They could, under existing statutes, be fully exempt from all federal income taxes.

The cooperative features of the land banks, through farm loan associations, are done away with. Present borrowers in good standing, and borrowers who repaid their loans in full since June 16, 1933, would be immediately credited with the full value of their stock, without deduction for the impairment in value due to the defaults of other borrowers. The stock of the farm loan associations would be retired and associated provisions make it evident that loans in the future might as well be made direct from the Department of Agriculture. Autocratic and irresponsible power is vested in the Governor. He could determine to what extent the functions exercised by the land banks and the F.F.M.C. could be delegated to national farm loan associations or to county committees, along with certain other functions vested in him.

He would be the czar of the farmers.

County committees of three farmers would be appointed by the Governor as Farm-Debt Adjustment Committees. They could assist in the voluntary adjustment of farmer debts with creditors and the adjustment need not be reviewed by the Governor. If the Government is the creditor, however, the Governor has authority to consent to any compromise, reduction or release upon such terms and conditions as he deems appropriate, providing that the loan shall have been in default for three years.

In practice this would appear to offer a farmer an opportunity to default on

interest and taxes for three years and then have his loan reduced or even wiped out. The debt-adjustment committee need only be satisfied of the debtor's good faith and that the debt exceeds the "normal productive value of the mortgaged farm." That phrase might mean anything. Another ambiguous clause makes it possible to release the farmer from periodical payments if they exceed "the normal farm income available for such payments." No one could tell what that means. No one but the czar.

If the applicant for a loan is successful, he must then convey to the Corporation full title to his property and waive all rights of redemption in exchange for a lease not to exceed five years. He would then have the right to re-purchase at a price fixed on the farm's "productive value"—whatever that might mean—or the amount of the prior mortgage indebtedness and would be credited for any rentals paid in excess of the cost of the operation to the land bank. A provision gives the land bank authority to spend what it pleases on repairs and maintenance of the property, which in effect would seem to destroy the farmer's freedom of action on his property. He could be compelled to "yes" a government clerk. He could pay for the farm over a period of 40 years but, if the Governor is not satisfied with his conduct, he could demand the amount due or rescind the conveyance at his option.

Such a farmer would take his hat off when he called on the Governor.

These provisions would destroy the land bank and the private capital loan system. The spirit of the bill is to reduce farm indebtedness and the present creditors could trade in their mortgages for federally guaranteed bonds. The United States Government could, in a few years, become the largest owner of farm land in the world. Secretary Wallace told the House Committee, that, if the bill became law, the F.F.M.C. would eventually hold about \$6,000,000,000 of farm mortgages. A relatively small scale-down in mortgage debt would absorb the \$7,000,000,000 of farm debt and the Government would have it all.

The plan involves the transfer to the Government and the leasing to the owners of about one-third of all the farms in the United States. The federal Government would impose what regulations it might desire on the tenants. A defaulting farmer would not even take advantage of the Farm Bankruptcy Act. The Governor is authorized to adjust the size of farms to the capacity of the tenant—the former owner—and to require such buildings and improvements as he thinks desirable. Vaguely worded clauses authorize the Governor to do about as he pleases about the payment of money due. No suit for a deficiency judgment could be instituted if the mortgagor turns his property over to the governmental functionary.

A farmer, no matter how wealthy, could get rid of an unprofitable farm in a time of depression and get it back again when he wished. Other defects are found in the bill by the opposition.

The proponents of the measure say: "We've got to do something for the farmer."

A NEW VOLUME PEAK IN ELECTRIC SALES

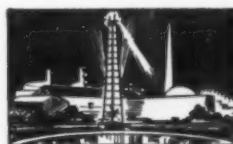
SIGNIFICANT of increasing usefulness to the territory it serves is the expanding electric sales volume of Columbia System operating companies.

The System recently issued its annual report which shows that sales of electricity during 1939 exceeded by a wide margin those of any previous calendar year. In kilowatt hours 1,374,152,619 were sold, as compared to 1,217,177,634 for 1938. Meanwhile electric customers increased from 357,597 to 367,332.

Many factors have contributed to this growth. Commercial, industrial and domestic consumers are adopting higher standards of lighting. Appliances are being used more extensively to save time and labor. Factories, locating in the smaller communities, tend to increase local employment, resulting in greater demand for electric service.

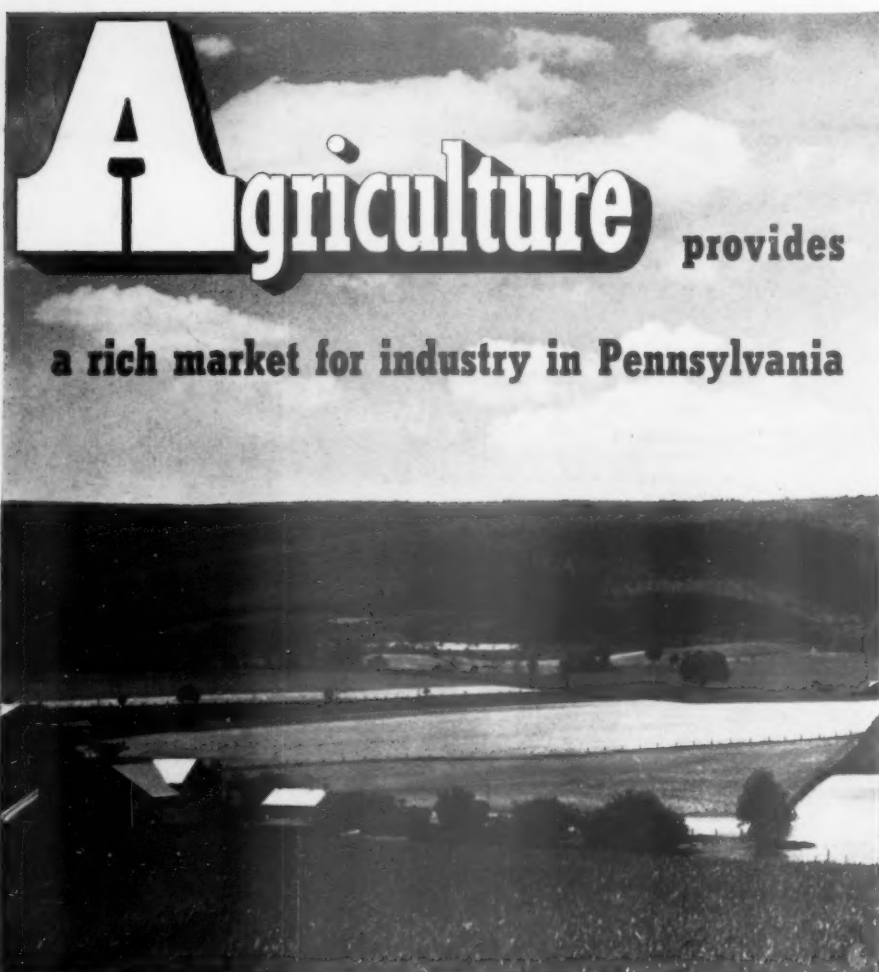
In each of these developments Columbia System participation is active and constructive. By adhering to traditionally high ideals of public service, its subsidiaries keep pace with our national progress.

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where your business can expand



ARTHUR H. JAMES, Governor

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